Daily Report

Latin America

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FBIS-LAT-96-106 *31 May 1996*

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Cuba

Cuba: U.S. Accused of Attempting To Influence Investors

PA3005194596 Havana PRENSA LATINA in Spanish 1816 GMT 30 May 96

[FBIS Translated Text] Havana, 30 May (PL) — Cuba today accused the United States of obviously attempting to influence and coerce investors in Cuba through the announcements made by the State Department regarding the implementation of the Helms-Burton law.

Foreign Ministry Spokesman Miguel Alfonso said Washington's threats caused a real flood of rejection against the law throughout the world and prompted the preparation at international forums of specific actions that are to be implemented as soon as the law goes into effect.

As an example of his previous assertions, Alfonso mentioned the positions adopted by the Rio Group, Mexico and Canada as members of the free trade agreement, members of the World Trade Organization, the British Foreign Ministry, and others.

He said the Helms-Burton law will suffer the same fate as with the 1982 failure of the Torricelli law, which also was aimed at intensifying the blockade against Cuba, "will not stop the process of economic reforms, and will be unable to sink the Cuban economy or destroy the revolution."

The spokesman said Cuba does not feel obligated to provide information on the development of foreign investments or to reveal its strategy for dealing with measures adopted by the United States.

Cuba has full confidence in its investment partners and can assure them, first and foremost, of the continued security they have always enjoyed in Cuba, he said.

Elsewhere in his statements, Alfonso referred to the approval by the UN World Food Program (WFP) of a $20 million plan presented by Cuba on food safety in the eastern Granma Province.

Within the WFP only, the United States opposed the plan, something which definitely demonstrates Cuba's strength within international organizations, Alfonso concluded.

Cuba: Document Detailing Talks Signed With Ukraine

PA3005134296 Havana Cubavision Network in Spanish 0000 GMT 29 May 96

[From the "NTV" newscast]

[FBIS Translated Text] A document that sums up the talks between the copresidents of the joint Ukrainian-Cuban intergovernmental commission was signed in Havana today.

The document was signed by Ihor Podolev, Ukrainian first deputy minister of foreign trade, and German Amado Blanco, Cuban vice minister of foreign trade. Ukrainian presidential administration chief Dmytro Tabachnyk and Cuban Foreign Trade Minister Ricardo Cabrisas attended the ceremony.

The document states that both nations have reviewed the implementation of the agreements reached during the intergovernmental commission's first meeting, held in Kiev in 1995. It highlights Ukraine's interest in importing Cuban medical and pharmaceutical products, in exchange for merchandise, to be soon specified, that Cuba needs.

In addition, the document states that the number of regular flights between Havana and Kiev might increase, and points out that both nations have discussed cooperation to supply spare parts for Ukrainian technological products in Cuba, 30,000 tractors among them.

The document also mentions that an intergovernmental agreement to send tourists to Cuba might be signed, and addresses the strengthening of Ukraine's cooperation to assist the children affected by the Chernobyl nuclear accident.

Cuba: Article Views Foreign Debt Problem

PA2905134596 Havana PRENSA LATINA in Spanish 0444 GMT 27 May 96

["Exclusive" article by Hiram Marquetti Nodarse, researcher at the Center for Cuban Economic Studies: "Looking for Something More than Air in the Short Term"]

[FBIS Translated Text] The main reasons why Cuba is currently facing a lot of hardship are related to foreign financing, particularly of its debt.

Those obligations, basically acquired in Freely Convertible Currency (MLC) totaled 9.1618 billion by the end of 1995, according to statistics from the National Bank of Cuba.

Cuban debts are in a vicious circle closed by the lack of more favorable medium and long-term credits, which

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in turn has paralyzed efforts to renegotiate the debt in MLC since 1986.

Furthermore, the recovery that can be observed in the Cuban economy to a great extent has been achieved through more indebtedness. Those credits, however, were obtained on a short term basis, under severe payment conditions and high interest rates.

To all this we must add the intensification of the U.S. blockade on the island, which has produced additional effects, particularly after the approval of the Torricelli amendment in 1992, which resulted in losses totaling more than $2 billion in 1994.

Cuban authorities have had to resort more frequently to commercial credits, which are more expensive and demand a greater commitment of future revenues obtained from exports of goods and services.

The relation between the total debt and exports has deteriorated. In 1994, the indebtedness was 691.1 percent above the total exports for that year, according to the Center for Cuban Economic Studies (CEEC).

A new financial source has emerged, particularly since 1992: foreign investments.

Those resources, however, are far from covering the needs of the Cuban economy, as Vice President Carlos Lage recently said.

In the tourist sector, 80 percent of the hotel facilities created in the country between 1989 and 1994 were financed with national resources, and only 20 percent with foreign capital.

According to the most recent official figure, capital secured through foreign investments in operations carried out in the island totals $2.100 billion, of which approximately 50 percent have been carried out. The CEEC has estimated that the influx of foreign capital in 1995 totaled $300 million.

Lage also said that net income through foreign exchange in general resulting from profits made by joint enterprises, associations, salaries and taxes totaled 114 million [currency not specified] which only represents 3 percent of the country's total income in MLC this year.

Likewise, jobs directly linked to foreign capital represent approximately 5 percent of the total number of workers in the country's productive force, employing approximately 50,000 employees.

Notwithstanding the low impact that foreign investments have on the labor force and national accounts, it had positive effects in several economic sectors, particularly in tourism, mining, oil activities, agriculture, and to a lesser degree, in industries.

Another area in which the participation of foreign capital has been observed is the financing of specific agricultural programs, initially in citrus fruits, and then in tobacco. The success obtained in those programs made it possible to extend those investments to sugar and rice.

Within that context, according to Cuban academic sources, resources totaling more than $350 million were injected to those activities. Approximately $300 entered the country to finance sugar production, namely for raw material, according to the CEEC.

Carlos Lage also said that nine of the 13 main provinces where sugarcane is grown received some $130 million. The loans were negotiated under terms consisting of a five-year guarantee of monetary resources, revolving credits ranging from 10 to 20 million a year per province as an average, and interests based on the London Inter-Bank Offering Rates (LIBOR). The initial credits were granted for 18 months and the rest for 12 months.

Another factor that contributed to obtaining those credits were the guarantees given by the governments to enterprises having business with Cuba. These governments include Spain, France, Italy, Mexico, and Germany. This situation made it possible to maintain, and in some cases increase trade despite the shortage of foreign exchange Cuba is experiencing.

Since September 1995 Cuban monetary authorities began adopting steps to promote more effective contacts with creditors. Toward that end, informal talks were initiated with banking and financial authorities of the main creditors, among them Japan, France, the UK, and Spain.

Cuban authorities have stressed the need to obtain credits in fresh money under more favorable conditions and reviewing all the possible options to face this problem through various means and under more flexible terms.

In any event, obtaining more favorable credit conditions will undoubtedly require an agreement on the subject of debt, which will always be a difficult process, with many obstacles, only minimized by greater advancements in economic recovery.

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Cuba: Castro Praises Workers at Holguin Sugar Mill

PA3105042196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 30 May 96

[Speech by President Fidel Castro at the Nicaragua Sugar Mill in Holguin Province; from the "NTV" newscast — recorded]

[FBIS Summary] Big applause greets Castro as he begins his 45-minute speech by telling the "companeros of the Nicaragua Sugar Mill and of Holguin" that they are good sugar workers. He explains that reaching the sugar production goal of 4.5 million tonnes "would not have been possible without serious, enthusiastic, steady, and intelligent work, without your spirit, sugar workers, and without that of all the other sugar mills." He adds: "Almost all of them have already fulfilled their goals."

Fidel Castro explains how the various sugar mills helped each other as needed within provinces and how some provinces helped other provinces facing a difficult situation, and this is why, he said, "we now have the 4.4 million tonnes figure."

Castro reports that the main accomplishment of this "harvest of dignity is that it was carried out under unfavorable weather conditions and in the very midst of the special period." He adds: "We obtained some resources that of course we must pay for. We have produced enough additional sugar to pay for the resources we requested to produce the sugar. The increase in the amount of sugar produced will be sufficient to pay for those resources, but we will need resources again, and the enemy, of course, is on the move. It does not want us to have a single penny to buy a nut. It wants to stop our work, which is making headway, which shows what can be done in many fields: tobacco production has increased, rice production is increasing." Castro goes on to note that the production of roots and vegetables has also increased. He also notes that construction for tourism is increasing.

Referring to the Helms-Burton law, Castro comments: "There are crazy people, no? They are cretins, fascists, fanatics, and reactionary people." He then lists Cuba's achievements and protests that this is the country that must endure a U.S. blockade.

Castro notes that nowadays all the land belongs to the Cuban people and recalls that in the past much Holguin area land belonged to foreigners. An unidentified person tells Castro that the Nicaragua Sugar Mill is the former Boston Sugar mill. Castro answers "Ah, Boston, after a U.S. city. All the stores around it belonged to the enterprise and all the land from there on belonged to United Fruit and other enterprises." Castro goes on to explain that this land belonged to foreigners "who came and took everything. This is why they hate the revolution. This is the sin they want the revolution to pay for at any cost. For 37 years they have been trying to exact payment," he declares.

"We have conquered our independence in the face of that power, which owned all this," Castro affirms.

Castro recalls feats of the revolution in spite of the special period — the neighborhood doctors, better housing. "Our people have worked throughout these years. We have defended ourselves, our honor, and our independence. The people have withstood," he emphasized, "terrible blows from the world's greatest power."

"The people have resisted and will continue resisting, and the economy is beginning to grow. Now we have to defeat that law, not only with words, criticism, or charges; not only before international opinion, buy by working well, by working better every day," Castro proclaims.

Castro notes the importance of being increasingly efficient and declares that "after five years of blockade combined with the special period, the people's spirit is stronger, because mankind is brave and gains strength under adversity, under struggles, under difficulties. Man is no meringue topping that fades under a whiff. Humans are children of their own history, and very few countries have a history as beautiful as ours."

The Cuban president calls for unity to be even better. Castro states that he sees a good future for Cuba and that the island "will be able to continue struggling, resisting, and defeating the powerful one, who used to own everything and whom we will not permit again to own anything or any part. We will never let it be the owner of our people," he affirms. Castro closes his speech by stating his admiration for the people of Holguin and all Cuba and pledges "Socialism or death; fatherland or death."

Cuba: Castro Awards Holguin Workers on Harvest Efforts

PA3005121096 Havana Radio Rebelde Network in Spanish 1700 GMT 28 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Holguin Province has achieved its sugar production goal. Commander in Chief Fidel Castro today presided over the ceremony that marked the achievement of the province's goal and the fact that the country's has reached 4.4 million tonnes of sugar during the current harvest.

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Fidel arrived at the Nicaragua Agroindustrial Complex in Banes a little after 1100 this morning, accompanied by Politburo members Carlos Lage and Nelson Torres, Jorge Luis Sierra, the party's first secretary in Holguin, and other leaders. An enthusiastic crowd made of agro-industrial complex [CAI] workers and their relatives welcomed the Revolution's chief.

The party's first secretary handed our leader a wooden plaque that indicated the province's hope of winning the honor of hosting the next 26th July ceremony. Fidel himself offered Holguin's workers the achievement banner, because they were able to fulfill their plan of producing 495,000 tonnes of sugar by 28 May.

The commander in chief spoke for an hour, stressing his delight that the goal was achieved at the same time that the country announced the production of 4.4 million tonnes of sugar. He praised the efforts made by Holguin's people during the current harvest, still committed to produce several more thousand tonnes of sugar, and to grind up to the last sugarcane.

Fidel also commended the steps taken by Holguin for the upcoming harvest and underscored the progress of workers in Las Tunas and other provinces in this harvest's historic outcome.

Cuba: Lage Visits New Convention Center Site in Varadero

PA3005120996 Havana Radio Rebelde Network in Spanish 1700 GMT 28 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Work at Varadero's new convention center project located in Plaza America is going well.

The new modern convention center that can hold 600 people is being built next to the Melia Varadero Hotel and will be completed in August. The facility is located on the second floor of a shopping center that occupies a 13,000 square meter area and is known as Plaza America. It has all the infrastructure that international tourism requires. In addition, four halls with room for 160-180 people will open near the Varadero convention center.

Today, delegates to the 17th Tourism Convention, which recently ended, visited the new Brisas del Caribe Hotel, known as the Oro Verde construction project, which has 260 rooms that will offer full service. This hotel will open in a few months, adding to the new 800 rooms that will be made available this year by Cubanacan corporation in Varadero.

Cuban Tourism Minister Osmany Cienfuegos and Carlos Lage Davila, Council of Ministers Executive Committee secretary, also visited Plaza America and the new Brisas del Caribe Hotel in Varadero.

Cuba: Lage Participates in Agriculture Ministry Seminar

PA3005120896 Havana Radio Rebelde Network in Spanish 1700 GMT 28 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Carlos Lage, Council of Ministers Executive Committee secretary, participated in the final session of the Agriculture Ministry's national seminar for new municipal delegates, during which he discussed measures to increase productivity, improve collection, and prevent agricultural losses.

Lage stated that freezing facilities should increase, and investments to build more cold storages should continue, to be able to store 700,000 quintales during the next winter campaign. Lage also proposed attenuating harvest peaks, planting crops with a more adequate organization and structure, and achieving higher industrial processing at lower costs within our reach. Lage stressed the need to export to accrue resources to finance expenses.

In addition, Lage stated that the collection system must be much more efficient to reach all producers. He added that the state must collect 80 percent of the harvest to guarantee the supply of neighborhood stores and buy the rest on a voluntary basis at differential prices to increase the state's presence in the farmers markets.

Lage highlighted that increased production, an effective tax collection system, and a reduction of the amount of money in circulation, will lower prices in the farmers markets. He pointed out that prices are mainly distorted due to middlemen, who speculate with the people's needs. Thus, the importance of the recent tax that they will have to pay.

Cuba: Council Creates Commission To Verify Problem Solving

PA3005120696 Havana PRENSA LATINA in Spanish 1315 GMT 28 May 96

[FBIS Translated Text] Havana, 28 May (PL) — The Executive Committee of the Council of Ministers of Cuba announced today the establishment of a Government Control Commission [Comision Gubernamental de Control] to systematically evaluate the progress of measures stemming from the auditing of state organizations.

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This work group, which is in keeping with the official strategy of verifying the correct use of national resources, is tasked with analyzing the progress achieved in the process of solving the main problems detected, keeping abreast of decisions made with regard to violators of the current regulations, and with issuing the corresponding opinions.

The commission's president will be the secretary of the Executive Committee of the Council of Ministers (Carlos Lage), and its vice president will be the minister of finance and prices (Manuel Millares).

Other members are the attorney general of the republic, president of the National Bank of Cuba, directors of national auditing and tax administration offices, and representatives of the Ministries of Economy and Planning, of Foreign Trade, of the Revolutionary Armed Forces, and of the Interior.

Cuba: Meteoro Disaster Prevention Exercises Reviewed

PA2905041496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 26 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Meteoro exercises, which prepare organizations and people for possible disasters, continue to be in force 15 years after their creation.

Diez de Octubre, Centro Havana, and Plaza municipalities, areas that are threatened by sea surge, floods, and dangers from possible building collapses, were the chosen locations to verify that civil defense measures are being implemented.

Division General Ulises Rosales del Toro stated that the people should contribute more, not only to carry out evacuation, protection, sanitary, and cleaning tasks, but also to avoid situations that could cause regrettable accidents.

[Begin Rosales recording] This exercise does not aim to paint [word indistinct]. Spring season is here, and we must work hard if we want to prevent deaths, illness, and disaster. Meteoro exercises mobilize us all. [end recording]

Military attaches accredited in Cuba participated in this constructive training, notably in the exercise conducted at the Havana Riviera Hotel, which has suffered from the serious impact of the sea surge but announced today that it will be ready to resist nature's attacks and guarantee full protection for its guests.

Cuba: Manager, Workers Comment on Textile Industry

PA2905142496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 May 96

[Report by Marisela Recasen; from the "NTV" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [Recasen] The transformation of the Cuban enterprise system into a more efficient and competitive format is what is being called the redesigning of the economy. Currently, the process is being implemented in the cement, metallurgy, and mechanical sectors and is already yielding its first results in the textile industry.

[Recasen] "Did you think you would get your job as a weaver back?"

[Textile worker Nuria] "No, after four years, I never thought this factory would reopen."

[Textile worker Hortensia] "This has always been my job. When the factory closed down I was relocated to Sabate and also worked as a gate guard."

[Recasen] Nuria and Hortensia are two of the 588 workers at the Medias Sabanas Factory, formerly the 11-11, who got their jobs back thanks to the enterprise redesigning process.

For Cuba's economic and productive efforts, the term redesigning is synonymous with readjustment and simplification of those industries where the impact of the crisis damaged the levels of efficiency and competitiveness the most.

[Unidentified speaker] "It is not possible for any enterprise's operational system to work successfully unless it has undergone an adjustment of its proportions, size, capabilities, in short: the dimensions of its productive facilities and its reopening feasibility according to the available actual and potential resources and keeping in mind the actual domestic demand and the effective demand that might be produced by foreign demand."

[Recasen] The Cuban textile industry is also facing this challenge. This industry has been a hostage of its own giantism since the seventies when it was designed to produce 345 million meters of textiles annually, a figure it never reached, because it was fully dependent on imports from the former socialist bloc.

The day we visited the Iguanabo Textile Factory, its general manager mentioned how the new format provides a more realistic vision of the issues at hand.

[Unidentified manager] "Why have such large, wasteful plants in terms of energy, lighting, manpower, and

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compressed air? Now, the work is concentrated in a smaller section of the factory, in an effort to be able to measure economic efficiency."

[Recasen] However, the general readjustment of the national productive activity comprises more than the concentration of productive capabilities and although at this factory, the process is already under way in eight of the 10 enterprises approved by the state, still more than a fourth of its 26,000 workers do not know what the future will bring.

[Manager] "Of those 10 enterprises, eight do not have surplus manpower. Quite to the contrary, they need more workers. Two others are practically merging into one, the Celia Sanchez Manduley Textile Factory in Santiago de Cuba where the redesigning results in a reduction in manpower which we are still working to relocate."

[Recasen] This is why the authorities engaged in this effort, believe that two of the basic premises of this economic method are its gradual implementation and the rationalization of its implementation.

[Manager] "This process has not become widespread to the entire national productive sector but its has been studied case by case, and factory by factory by analyzing its specific peculiarities, technological situation, and equipment and manpower status, and decisions are taken based on specific cases."

[Recasen] Meanwhile, the small but typical world of Nuria, Hortensia, and also Miriam was transformed by this novel industrial policy called reshaping.

[Nuria] "This is my life, this is what I always liked to do. My heart is in this factory."

[Recasen] Anyhow, this subject is much broader still. Other aspects of this important challenge faced by the Cuban economy will be broached in future broadcasts.

Cuba: Vehicle Registration Violations Detected

PA3005035796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Over the course of this year, amid the task of restoring driving discipline and reorganizing traffic flows, hundreds of violations and illegal sales of vehicles have been detected. In an exclusive interview for this newscast, the head of the National Traffic Department made the following statements:

[Begin recording] [Reporter Miguel Angel Rioalta] According to Lieutenant Colonel Abel de los Cuetos, any change of parts of any vehicle should be legalized by the license registration centers and reflected in the vehicle documents. During the course of this year in Havana City alone, 1,750 — and an equal number in the rest of the country — of these types of violations have been detected.

[Cuetos] Of these, some came forward and were legalized. I mean, the purchase receipts for engines and chassis were found, and there were no problems. The vehicles were handed over to the owners. However, it has been proposed that some of these vehicles should be confiscated, if the registrations cannot be legalized. I mean, the origin of the engines and chassis is unknown. In some of these cases, our forces and the police — thanks to investigative techniques — have discovered that parts of these vehicles had been acquired through street crimes, such as the theft of cars and parts.

I would like to clarify what we do with regard to registration violation cases. There are commentaries of all types stating that a citizen cannot lend a car to someone, to be driven by someone else. That is not so. Anyone can drive someone else's car, whether it belongs to a relative or a friend, as long as the car is registered and has all the necessary documents to circulate in the city.

[Rioalta] Many of these seized vehicles belonged to foreigners who sold them before leaving the country, thus violating purchase and sale Clause Number Four. This clause establishes that when a foreigner decides to leave, he must re-sell the vehicle to the organization from which he had purchased it — in this case, Cubalse — and not to a third party. Owners who sell vehicles without titles also violate Clause Number Four, and in this case the buyer loses his money, because the vehicle is seized.

Colonel, what happens to the vehicles when people leave the country for good?

[Cueto] Those vehicles are also being seized by us and we have requested that they be seized. These vehicles do not have a title and cannot be sold to a third party. We are aware that there are a great number of vehicles that are in this situation. They cannot circulate in these conditions. It is prohibited for any person leaving the country to do anything else — with the vehicle — other than turning it over to Cuban authorities. [end recording]

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Cuba: 1st Joint Health Tourism Enterprise Established

PA3005024096 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 May 96

[Report by Ilda Prieto; from the "NTV" newscast]

[FBIS Translated Text] Experts from 20 countries gathered during the Second International Health Tourism Congress, held in the Convention Center, which resulted in the establishment of the first joint Cuban-Italian enterprise.

(Mediclub) is the first health tourism enterprise undersigned by Cuba's Servimic — from the Cubanacan group — and the Italian company (Finmec). The amount invested is $16 million, 50 percent from each side, for the construction of 200 rooms, a stomatology clinic, and a facial and body aesthetics ward, where medicinal water and mud will be used. The facility will be built in 18 months in the Santa Lucia tourist hub, in Camaguey.

The joint enterprise intends to earmark a portion of the foreign currency revenue for the national health system, as an aid to improving stomatology. Adriano Defelipe, president of (Finmec), said that Cuba is his company's first expansion abroad.

[Begin Defelipe recording] I believe that in Cuba we can work and work well. [end recording]

Juan Jose Vega, president of Cubanacan, and Antonela Siscato, a (Finmec) executive, undersigned the joint enterprise document.

Cuba: Minister on Sugar Industry in Cienfuegos Province

PA2905142896 Havana Radio Rebelde Network in Spanish 1155 GMT 25 May 96

[Report by Mireya Ojeda; from the "Doing Radio" newscast]

[FBIS Translated Text] In Cienfuegos, Mireya Ojeda is going to bring us statements made by Nelson Torres, Politburo member and sugar minister, during his visit.

[Ojeda] They are concluding the sugarcane harvest after a huge effort and [words indistinct] winning the recovery of sugar. The results have been considered positive and speak of victorious advances, according to Nelson Torres, sugar minister and Politburo member. Torres, along with Manuel Menendez, first secretary of the Communist Party of Cuba in the province, and [words indistinct] sugar industry here, have participated in an assessment meeting.

The province has a productivity of 11.20, which is better than the 1986 to 1990 results, which were 11.01. [measurements not specified] The recovered sugar is above 86 percent and is also better than the previous five years, when it was 84.63 percent, even though we had more resources available then.

The sugarcane harvest in Cienfuegos indicates a growth above the national average. Regarding this issue and others, I have asked the minister for his opinion.

How do you view the results of the work the people of Cienfuegos are doing, and what efforts are still needed in the sugarcane harvest and in the recovery of sugar?

[Begin Torres recording] They have made a great effort; they have worked hard at increasing productivity regarding past harvests [words indistinct]. They also have worked hard in trying to [words indistinct] growth of 37 percent. They feel the need to continue fighting, because there is still cane to be ground and sugar to produce in the province. We know the response the people of Cienfuegos are going to give. They are going to grind all that sugarcane still standing and exert the greatest effort.

The results are good compared to last year, because there has been a 37 percent growth, more industrial productivity, an increase in the recovered sugar, and a better [word indistinct]. There are still issues to be analyzed and resolved to [word indistinct] obtain better results. Even though we have already obtained this growth and results, we cannot feel satisfied yet, because we can still obtain much more. The province is able to do much more.

I believe there is good spirit in the work being done in the sugarcane sector. I believe there is good work being done in soil preparation, planting, and all other activities. All the rain that has fallen has detained the entire process.

During this meeting, we have studied how to increase that [word indistinct] and how to resolve those difficulties resulting from the rain. There are objective conditions that do not allow us to keep the same pace we had before the rain. There is the will, effort, dedication, and desire to reach harvest goals, to plant 1,200 caballerias, and to comply with the rest of the sugarcane agricultural activities. [end recording]

Cuba: Advisory Issued on Rains in Central Provinces

PA2905142796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 May 96

[From the "NTV" newscast]

[FBIS Translated Text] The Civil Defense General Staff this afternoon issued Advisory No. 4, which reads:

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Recent rains in the central provinces, from Villa Clara to Ciego de Avila, have had an impact on the people and the economy. According to reports received at the Civil Defense General Staff, the rains have stopped in those provinces, but the current situation is as follows: A total of 466 people, 20 of whom are minors and are in shelters or staying with relatives, were evacuated from the areas in the greatest danger in Villa Clara, Sancti Spiritus, Cienfuegos, and Ciego de Avila.

The latest advisory issued by the Civil Defense General Staff adds that three men have died in Cienfuegos. Hector Cruz Roman, 60, drowned at Los Molinos Dam. Urtemio Beltran Leonard, 38, drowned attempting to cross the Damuji River, and Juan Tamayo Dieguez, 40, was electrocuted by power lines.

The advisory states that more than 3,800 houses were damaged in Cienfuegos and that there were losses of crops and sugarcane, which are being assessed, and also damage to highways, roads, and bridges.

The Civil Defense asks the people in those provinces to follow the guidelines set by local authorities and to participate in the recovery.

Signed by the National Civil Defense General Staff.

Cuba: Correction to Ammonia Leak Occurs at Port

PA2805161496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 May 96

[Corrected version of item originally filed as PA2805143196 and published in the 29 May Latin America DAILY REPORT; explanatory notes describe differences from initial FBIS version; from the "NTV Newscast"]

[FBIS Translated Text] In the early hours of 27 May, an ammonia leak occurred at the installations of the Havana fishing port. The national staff of the Defense Ministry issued a news bulletin later that afternoon stating that the penetrating smell of the gas spread to areas near the fishing port, in the neighborhood of Jesus Maria, the central railroad terminal, and the neighborhood of Cuatro Caminos, as well as in other nearby areas belonging to the capital municipalities of Havana Vieja and Centro Havana. According to the information we have received, no one has died or has been hospitalized due to this accident.

[Unidentified reporter] The quick actions by the National System of the members of the Fire Department, the Red Cross, and the Havana Fishing Port workers prevented the consequences an ammonia leak could trigger. The leak occurred shortly after 0400 hours the morning of 27 May:

[Begin recording] [Frigate Captain Teodoro Martinez] [identifying speaker here and throughout not identified in initial FBIS version] An ammonia leak indeed took place. It is a leak that spread to neighboring municipalities because of weather conditions and caused some alarm. The protection system established here at the fishing port was activated. The people and the firefighters were warned.

[Reporter] What about the products stored in the fishing port?

[Martinez] These products were not damaged. They could be out of the chiller for a long time because they are frozen. As you can see, the plant is operating, and the people's fish was not adversely affected. [end recording]

[Reporter] The incident took place because of a broken screw in one of the valves located where the ammonia is stored:

[Begin recording] [Reporter] What would you say about the ammonia to those who live nearby?

[Havana Port Manager Roberto Espinosa] That they can rest assured that the situation is under control and that their lives and belongings are in no danger. [end recording]

[Video shows plant workers and civil defense officials discussing, taking, and comparing notes and inspecting valves. One official examines a gas mask. Video also shows frigate Captain Teodoro Martinez making statements, close-up of six ammonia storage tanks at the fishing port, a worker displaying the defective valve that caused the leak, and Port Manager Roberto Espirosa making remarks.] [adding video note]

Haiti

Haiti: Mayor of Northwestern City Reportedly Killed

PA3005170896 Madrid EFE in Spanish 1608 GMT 30 May 96

[FBIS Translated Text] Port-au-Prince, 30 May (EFE) — Erla Jean Francois, mayor of the city of Chansolme, in northwest Haiti, was killed today as she was entering a vehicle, authorities reported.

Shortly after the attack, of which no details have been offered, Haitian President Rene Preval went to the General Hospital of Port-au-Prince, where the mayor was checked in in serious condition.

The assassination of the mayor occurred at a time U.S. Deputy Secretary of State Strobe Talbott, who has reiterated the support of President Clinton's administration to Preval's government, is visiting the country.

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Haiti: Preval on Assassination of Policeman, Kidnapping

PA3005150796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 May 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Haitian President Rene Garcia Preval denounced on the afternoon of 28 May a plot set up by the opponents of democracy following the death of a policeman, who was killed on the night of 27 May in Port-au-Prince, and the kidnapping on 28 May of a six-year old boy, son of an important businessman in Haiti.

Some 20 persons holding illegal weapons were questioned following an important operation led by the police. This control operation was carried out on 28 May in order to find the authors of these criminal actions with the help of the military forces and policemen of the United Nations. President Rene Preval, who was talking before the press at the central police station of Port-au-Prince, where he came to coordinate the searches, accused the sectors that do not want democracy to be really established in Haiti as being involved in these actions.

In addition, the Haitian police issued on 28 May a notice in which it asks all police units to look for and take to the nearest police station the former president of the 1988-1990 military government, Prosper Avril, and a radical organization militant, Eddy Moise. The communique does not say whether or not this notice of search is linked to these affairs that we mentioned a moment ago and that currently mobilize the Haitian National Police and the UN forces.

Two UN helicopters, including one carrying a relative of Borris B. Pautynsky, the six-year old boy who was abducted on 28 by armed individuals, are participating in the operation. The Port-au-Prince inhabitants saw these helicopters flying over the city while looking for two vehicles, a red Japanese jeep, a Rocky, linked to the death of the Haitian policeman and another vehicle, a Kia Master in which the kidnapped boy was last seen, according to what President Rene Preval said.

The Haitian president, who spent the entire day at the police station of Port-au-Prince on 28 May in order to coordinate the actions of the police, is heading the operations. Formal orders have been given to all policemen to find the vehicle in which Pautynsky was last seen and the vehicle involved in the death of the Haitian policeman called Valcourt Desir, according to the explanations of Haitian President Rene Preval.

[Begin recording] [Preval] My reaction is clear: We are in front of a plot. The kinds of people they are aiming at show that we are in front of a plot. This is my first reaction as head of state. My second reaction as a person who sees that people are being killed, who sees that children are being kidnapped... [pauses] This is why I have personally come here to try to coordinate the actions in order to see what positive results we could find for both cases.

[Unidentified reporter] What will you do? What will you do, Mr. President?

[Preval] The city will be surrounded. Everybody has... [pauses] all policemen have information and all policemen including [word indistinct] including the Canadian military are mobilized in order to surround all exits starting from the place where the incident happened. We have two helicopters that are now going to fly over the city with the father of the child as somebody who knows the car, it is a Kia Master, so he can locate it from the air while we have blocked traffic in the city.

[Reporter] A state-owned vehicle was involved this matter.

[Preval] Pardon me.

[Reporter] A state-owned vehicle is involved in this matter.

[Preval] No, it is a stolen license plate. A state-owned vehicle was actually at the hospital, but they stole its license plate. We have asked if they saw who had stolen the license plate, but it is a stolen license plate that has been put on another car.

[Reporter] What sector do you identify behind this plot?

[Preval] The sector that does not want democracy (?to develop) or the country to become normal.

[Reporter] Do you intend to undertake additional actions while the traffic is blocked?

[Preval] I tell you that while the traffic is blocked other actions are being undertaken but also you will see, as it is something that will be made public, two helicopters flying over the city in search of the two vehicles. One of them is a red Rocky linked to a crime against a policeman last night and the other is a gray Kia Master linked to the abduction of the little boy this morning. [end recording] [passage omitted]

Haiti: Deputies Resume Work, Vote Bill on Communities

PA3005150896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 May 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The deputies resumed their activities yesterday, Tuesday, 28 May at the Legislative

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Palace. The deputies voted the bill on the creation of a fund for the management and the development of the territorial communities. An important majority of deputies, that is 48, supported the executive's bill. Another bill that is as important in the eyes of the deputies and that should have been voted last night was still being studied. This text, which is appended to the first one, determines the ways and means that should facilitate the functioning of the fund for the management and the development of the territorial communities. It is a bill establishing a fund for the management and the development of the territorial communities.

The lawmakers are due to look into eight bills at the request of the executive power under the 13 May presidential order which has been modified at the request of the deputies themselves. The presidential order, which was modified on 23 May, includes big changes in the agenda that was already proposed to the deputies. Only three of the bills appearing on the previous convening order have been retained. The five others are different from what was in the first convening order that was sent to the lawmakers. Even the bill on the modernization of the state-owned enterprises as well as four [other] texts have been put aside for the next regular session. [passage omitted]

Haiti: Port-au-Prince Mayor on Public Safety

PA3105004196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 30 May 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Public safety is a challenge the current government must take up, according to Port-au-Prince Mayor Emmanuel Charlemagne. The head of the Port-au-Prince city government denounced the terror prevailing now in Haiti.

This issue was tackled during a symposium of mayors at the National Palace on 24 and 25 May, according to Joseph Emmanuel Charlemagne, who expressed his willingness to contribute to helping the country gain security.

Charlemagne says the current government must take up the challenge and establish a proper security climate in the country with or without the understanding of those committing wrong actions. [passage omitted]

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Mexico: Secretary on Protection for Investors in Cuba

PA3005145796 Mexico City XEW Television Network in Spanish 0330 GMT 29 May 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Commerce Secretary Herminio Blanco referred to the Helms-Burton law today during a visit to Puebla. He said Mexico will use NAFTA stipulations to protect Mexican exporters and investors in Cuba. He also said Mexico will not hesitate to adopt strong measures to prevent a reduction of its trade with Cuba.

Meanwhile, in Nuevo Leon, Carlos Abascal, president of the Employers Confederation of the Mexican Republic, has described the Helms-Burton law as an arbitrary measure contrary to international laws, adding that Mexico cannot concur with the United States becoming the supreme legislator of the world.

Mexico: Official on Strategy To Reduce Impact of U.S. Law

PA3005145596 Mexico City XEW Television Network in Spanish 0330 GMT 28 May 96

[FBIS Translated Text] Javier Trevino, the international cooperation under secretary of the Mexican Foreign Secretariat, has said Mexico's diplomatic strategy to lessen the effects of the Helms-Burton law the United States has imposed has been successful. He made the statements while inaugurating the Mexican and Central American university directors meeting in Mexico City.

Trevino has said NAFTA countries, the United States, Mexico, and Canada, will meet in Washington on 28 May to study the reach of the law:

[Begin Trevino recording] The members of NAFTA—representatives from the Commerce and Industrial Development Secretariat will represent Mexico—will study the reach of and define the terms of the Helms-Burton law. [end recording]

He has said there was confidence that the Helms-Burton law would not contaminate the rest of the commercial and economic relations between the United States and Mexico:

[Begin Trevino recording] We are still working with the policy that was well established by the Mexican and U.S. Governments to avoid having a problem in one of the areas contaminate the rest of their relations. [end recording]

Under Secretary Trevino has reiterated that the Helms-Burton law violates international law.

Mexico: Firms on Helms-Burton Law, Possible U.S. Measures

PA3005193096 Madrid EFE in Spanish 1854 GMT 29 May 96

[FBIS Translated Text] Mexico City, 29 May (EFE) — Domos enterprise, which has shares in the Cuban telephone company, will not suspend operations in the island and is not worried about U.S. Government threats, a spokesman from that Mexican group told EFE.

Hector Cuellar, Domos representative in Mexico, said that thus far that firm has not reveived the "informative" notification — not a "warning" — announced by the U.S. Government, but stressed that threats do not bother them.

"If the U.S. Government decides to block long distance telephone calls to the island, telephone companies in Miami (Florida), which receive large profits for their telephone links, will be the most affected," Cuellar noted.

Regarding Domos' financial difficulties in covering investment commitments in Cuba, Cuellar said the problem will soon be resolved, and announced that the enterprise has received credit from the National Foreign Trade Bank of Mexico.

Cuellar said he does not know what measures the U.S. Government could adopt, but stressed that in any event the company will wait until specific measures are announced before deciding what to do.

The U.S. Government has plans to punish that Mexican firm for occupying land that supposedly belonged to the U.S. AT&T company before Fidel Castro assumed power in 1959, and announced it will deny visas to the executives of enterprises having investments in the island.

Cuellar recalled that he asked its Cuban partner, ETECSA [Cuban Telecommunications Enterprise, Inc.] to review the legal situation of the company assets in that country to prevent the inclusion of U.S. properties confiscated in the past, as a procedure before making investments.

Meanwhile, the Mexican Cement Company (Cemex) issued a communique reiterating its position rejecting reports published in the Mexican and international media saying that "neither the company nor its subsidiary firms have contravened the Helms-Burton law or any of its guidelines."

According to THE MIAMI HERALD, Cemex, the third largest cement factory in the world, suspended its activities in Cuba as a precautionary measure in view of

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possible reprisals from the Clinton administration with the implementation of the Helms-Burton law, which expands the blockade against companies maintaining trade links with the Cuban Government.

The brief communique issued by Cemex today, however, does not clarify if the company has adopted any measure in relation to U.S. commercial pressures toward Cuba.

Meanwhile, the Mexican Government has expressed its opposition to the Helms-Burton law, stating that it violates international laws and has defended the sovereign right of nations to choose the countries it will have relations with.

The government headed by President Ernesto Zedillo supports enterprises having investments in Cuba in the areas of tourism, cement, and telecommunications, and is promoting investments in other areas including food, beverages, textiles, shoes, toiletries, and spare auto parts.

Mexican officials have reiterated that Mexican companies having investments in Cuba have not benefited from assets expropriated by the revolution and that therefore the Helms-Burton law does not affect them.

Mexico: Correction to Televisa, ATC Network Sign Agreement

PA2805124896 Mexico City NOTIMEX in Spanish 0120 GMT 21 May 96

[Corrected version of item originally filed as PA2305125296 and published in the 24 May Latin America DAILY REPORT; explanatory notation describes difference from initial FBIS version]

[FBIS Translated Text] Mexico City, 20 May (NOTIMEX) — The Mexican Televisa and Argentine ATC companies signed an agreement today, which allows for the reciprocal exchange of information on topics such as music, culture, entertainment, and sports, as well as the broadcast of audiovisual material.

In a communique, Televisa disclosed that the agreement, which was signed by its president, Emilio Azcarraga, and German Kammerath for the Argentine network, allows Spanish-speaking television viewers to be better informed on the activities furthered by mankind in numerous spheres.

Thus, ATC will broadcast one hour of its programs through the ECO Information System from Monday to Friday, starting on 3 June, as well as sports programs on predetermined dates.

Televisa will appear in the Argentine company's channels every day. It will broadcast an hour of programs with information on the issues and on the aforementioned topics.

With this agreement, Televisa will have a possible audience of 4.28 billion [as received] [adding editorial note not found in initial FBIS version] people because ATC has cable channels, 471 stations, and its signal reaches the countries with which it has borders, such as Uruguay and Brazil.

ATC, for its part, will have access to the market covered by ECO, the news information system in the Spanish language that broadcast 24 hours a day, whose signal reaches Latin America, Europe, and northern Africa.

This cooperation agreement will be in force for two years and has an automatic renewal for a similar period. It will only be terminated when one of the two parties requests it in a timely manner.

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El Salvador

El Salvador: Political Parties Condemn Terrorist Actions

PA3005120796 San Salvador LA PRENSA GRAFICA in Spanish 26 May 96 p 19A

[Communique issued by political parties in San Salvador; date not given]

[FBIS Translated Text] As representatives of the signatory political parties, we express our condemnation and rejection of terrorist acts perpetrated in recent days that have seriously jeopardized the peace process, the consolidation of democracy, and the state of law.

We think that in the current phase of peaceful transition, the use of violence, no matter where it originates, constitutes an attack on the Salvadoran people and on their desire to live and work constructively and represents a great threat against the lives and properties of the population.

However different our parties' solutions to various political, economic, and social problems of the country might be, we voice our determination to defend the accomplishments that with great effort and sacrifice all Salvadorans have achieved.

We demand from the corresponding authorities a thorough investigation into these terrorist acts and that they punish, according to the law, the perpetrators and masterminds, no matter who they may be.

The results of this investigation should be made public, and our parties commit themselves to follow up on its progress.

We consider appropriate to call on all sectors of the nation to be on the alert to defend together a peace for which we have paid dearly.

[Signed] Ronald Umana of the Christian Democratic Party; Ana Guadalupe Martinez Mendez of the Democratic Party; Juan Jose Martel of the Democratic Convergence; Salvador Sanchez Ceren and Shafik Handal of the FMLN [Farabundo Marti National Liberation Front]; Rafael Machuca and Rutilio Aguilera of the National Conciliation Party; Abraham Rodriguez of the Social Christian Renewal Party; and Juan Jose Domenech Sesa of the Nationalist Republican Alliance, Arena.

Guatemala

Guatemala: Rejection of Helms-Burton Law Reiterated

PA3005200996 Panama City ACAN in Spanish 1650 GMT 30 May 96

[FBIS Translated Text] Guatemala City, 30 May (ACAN-EFE) — The Guatemalan Government reiterated today its rejection of the Helms-Burton law, which intensifies the U.S. economic embargo on Cuba and said it continues with its intentions to open up a trade office in the Caribbean island.

Deputy Foreign Minister Gabriel Aguilera said trade relations with Cuba are being carried in a normal way and that Guatemala is exercising its sovereignty in this exchange.

The opening of its trade office, which would be installed in the embassy of a friendly country, according to Aguilera, would be the first step prior to resuming diplomatic relations with Havana, which were suspended more than 35 years ago.

Aguilera said the government of conservative President Alvaro Arzu believes the domestic laws of a nation should not interfere in the relations between countries.

He said he is respectful of the decisions of the other governments with regard to the Helms-Burton law and said that Guatemala continues to reject the intensification of the economic embargo.

Aguilera noted that when relations were broken with Spain in 1980 following the fire that destroyed the embassy of the European country killing 37 people, both countries continued to conduct their trade relations through a trade office.

The restoration of trade relations with Cuba has the support of some businessmen and leaders of humanitarian organizations, such as Mario Polanco from the Mutual Support Group (GAM), which represents relatives of 45,000 missing people.

Polanco told ACAN-EFE that Guatemala should maintain cordial and fraternal relations with all independent states of the world.

"We believe Guatemala should play an independent and autonomous role as far as U.S. interests are concerned," because "all states have a right to self-determination and no state should allow its sovereignty to be violated," he said.

Polanco added that not only relations with Havana should be strengthened but a series of measures should be taken to promote the trade relations so that the

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Guatemalan population can receive technical support and cooperation in the field of health.

"We believe that the establishment of relations with Cuba will not bring any harm, but instead total benefit, and there should be no fear that Guatemala could be penalized by the United States because the Helms-Burton law is a domestic decision," he said.

Meanwhile, Jorge Briz, president of the Chamber of Commerce, said that Guatemala needs to open up its markets because it benefits the export sector.

"Free trade is the best expression of democracy because it has served to put an end to totalitarian systems," he said.

On the contrary, the president of the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), Humberto Preti, said this is not the time to resume relations with Cuba because if the United States applies the Helms-Burton law without discrimination the cost for the country could be high.

Guatemala: Compliance With Helms-Burton Law Ruled Out

PA3105000896 Mexico City NOTIMEX in Spanish 0101 GMT 30 May 96

[FBIS Translated Text] Guatemala City, 29 May (NOTIMEX) — Guatemalan Deputy Foreign Minister Gabriel Aguilera ruled out today the possibility of his government complying with a U.S. law that strengthens the commercial embargo against Cuba and said that it will continue to expand commerce with the island.

He denied that Guatemala could be a target of sanctions within the framework of the Helms-Burton law, drafted by U.S. congressmen to strengthen the unilateral embargo of that country against Cuba and to punish those nations that trade with Havana.

In statements to the media, Aguilera confirmed that Guatemala, "in exercising its sovereign right," could expand its commercial ties with Cuba.

He expressed confidence that the Helms-Burton law will not affect commercial relations with the Caribbean island.

Official information on commercial exchanges or possible Guatemalan investments in Cuba is unknown, because the two nations suspended diplomatic relations in the 1960s.

The only known reference is a visit by a Guatemalan mission of businessmen to Cuba in early 1996 to explore the market and possible commercial exchanges.

Diplomatic relations between Guatemala and Cuba have been suspended since 1960; nonetheless, officials from both governments have made contacts aimed at their possible reestablishment.

Guatemalan President Alvaro Arzu has said his government does not support measures that affect countries, especially in Latin America, making allusion to the strengthening of the commercial embargo against Havana.

Regarding the Helms-Burton law, Foreign Relations Minister Eduardo Stein has said his country does not validate extraterritorial laws issued by another nation.

Guatemala: Army Spokesman Says Troops Ordered to Congress

PA3005121196 Guatemala City LA REPUBLICA in Spanish 28 May 96 p 31

[Report by Anayansi Lopez Martinez]

[FBIS Translated Text] Colonel Guillermo Caal Davila, chief of the Army's Information and Press Department, stated last night that he was informed by Defense Minister Juio Balconi Turcios that it was President Alvaro Arzu Irigoyen who ordered military troops into the National Congress to remove the union members.

"Respecting and taking into account the government agreement that establishes that civilian security forces and the Army should work together to control security in the country, the president ordered Armed Forces' soldiers to the National Congress in case reinforcements were needed," Caal Davila explained.

Col. Caal stated over the telephone at the close of our edition that after asking the defense minister who ordered the Army troops mobilized to the National Congress, the minister replied that President Arzu, who was in Taiwan at the time, was the one who issued the order.

Honduras

Honduras: Court Confirms Charges Against Ex-Minister

PA3005193496 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 30 May 96

[Report by Cristobal Sauceda]

[FBIS Translated Text] Here is an exclusive report:

The Supreme Court of Justice has complicated the situation of former Foreign Minister Ernesto Paz Aguilar, after reconfirming the arrest warrant issued by Judge Rafael Castro Avila over the passport scandal. The

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Court's plenum made that decision after finding enough circumstantial evidence to prove that the former official misused public funds, used official stamps fraudulently, and abused his authority as foreign minister.

The Supreme Court's resolution invalidated the actions of the First Appeals Court, releasing Paz Aguilar from jail, on the grounds that there was not sufficient circumstantial evidence to keep him under arrest at the Central Jail.

Here is an interview with Magistrate Marco Tulio Alvarado Crespo, who comments on the Court's resolution.

[Begin recording] [Alvarado] The Prosecutor General's Office only appealed four of the seven charges established by Judge Castro Avila. Therefore, the Supreme Court only reviewed four crimes under this writ of amparo. Among those four, we decided that no circumstantial evidence has been presented so far on one of those charges, and therefore it was not included in the writ of amparo.

On the other three crimes — abuse of authority, misuse of public funds, and fraudulent use of official stamps — the Supreme Court of Justice has decided that there is enough circumstantial evidence to confirm the arrest warrant for those three crimes.

[Sauceda] Does this mean that the situation has turned more complex for former Foreign Minister Paz Aguilar?

[Alvarado] I cannot say if his situation is more complex or not. What I can say with absolute certainty and truthfulness is that the plenum of the Supreme Court of Justice today reviewed the writ of amparo presented by the Prosecutor General's Office against the resolution issued by the First Appeals Court of Francisco Morazan. According to that resolution, no circumstantial evidence was found to maintain the criminal charges presented by Judge Rafael Castro Avila.

The Supreme Court of Justice, in plenary session today, ruled in favor of the writ of amparo. This means that the Court admitted the request presented by the Prosecutor General's Office and consequently disagreed with the criteria contained in the sentence issued by the First Appeals Court of Francisco Morazan.

[Sauceda] Does this mean that former Foreign Minister Paz Aguilar could be sent to jail again?

[Alvarado] We have issued a resolution. In the next few days, after the former foreign minister's defense attorney and the Prosecutor General's Office are duly notified, we will submit the ruling with the corresponding certification to the First Appeals Court, which in turn will send it to the First District Court.

The answer to your question is contained in that sentence, which in no way affects Paz Aguilar's right to defense and should have no effect on the final resolution of the case.

[Sauceda] Which one of the three charges was not viable?

[Alvarado] I would recommend that, as a keen journalist, you go to the Supreme Court's secretariat tomorrow to obtain more information on the contents of the sentence so that the listeners of Voz de Honduras Network can have a broader report instead of a statement from one of its magistrates. [end recording]

Honduras: FM Cited on Minors Getting Jobs, Labor Law

PA3005151096 Tegucigalpa LA TRIBUNA in Spanish 29 May 96 p 8

[FBIS Translated Text] Honduras is ready to counter the charges of human rights violations made abroad, as has happened with the Alliance House, in the assembly plant industry, and now with television hostess Kathie Lee Gifford, Foreign Minister Delmer Urbizo Panting has denounced, adding that Honduras has a labor law establishing how minors can get jobs. Minors must get permission from their families or the labor offices to get jobs.

"There is an entire legal framework to oversee compliance with the country's secondary laws," the foreign minister has said. He has said that diplomats have been instructed to monitor any attacks against the interests of the country, to defend it quickly and assuredly.

The official has said the North Americans know very well that thousands of Hondurans will try to get jobs in the United States if they shut down the assembly plant industry "because this has been discussed in every forum."

"It is not only that, however. The fact is that the efforts of democratization and democratic stabilization, so badly needed in the region, are being undermined," he has warned.

In other words, the minister added, if our countries are not allowed to develop their economies, it is very unlikely they will attain better levels of development.

Urbizo Panting has recognized, however, that the problem is that there are important pressure groups in the United States that do not favorably view the installation and strengthening of the assembly plant industry here.

Meanwhile, Foreign Minister Delmer Urbizo Panting has confirmed that an agreement has been reached with

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the Salvadoran president to resume the meetings of the binational, juridical commissions with the purpose of resolving issues dealing with nationality and property in delimited areas.

Honduras: Nicaraguan Navy Seizes Local Fishermen

PA3005215996 Panama City ACAN in Spanish 2129 GMT 28 May 96

[FBIS Translated Text] Tegucigalpa, 28 May (ACAN-EFE) — Jorge Varela, the president of the Honduran Flora and Fauna Defense Committee, revealed today that six Honduran fishermen were seized by Nicaraguan Navy personnel in Pacific Ocean waters on 25 May.

The action against the fishermen took place at Henecan sector in the Pacific Fonseca Gulf region shared by Honduras, El Salvador, and Nicaragua.

Honduran authorities are making efforts to get Nicaragua to release the six fishermen who are identified as Carlos Barrios, Oswaldo Aguilar, Santos Martinez, Juan Benito Almendarez, Daniel Espinal, and Natividad Mendez.

Jorge Varela said that "the whereabouts of the six fishermen is known" and, according to him, they were intercepted by Nicaraguan speedboats in Honduran waters.

The Honduran fishermen were working in three boats when they were intercepted, according to Varela's report.

An Honduran Navy source has reported that the Honduran Foreign Ministry will demand that Nicaraguan authorities release the fishermen.

The governments of both countries agreed this year to initiate the delimitation of the maritime border in the Fonseca Gulf to avoid incidents such as the one reported here.

In previous cases, Honduran and Nicaraguan Navy patrol boats have clashed and personnel have been killed and injured.

The fishing conflicts between the two countries also arise in Caribbean waters, between parallel 15, which according to Honduras defines the dividing line with Nicaragua and parallel 17, which according to Managua, sets the limits of its territorial waters.

The Nicaraguan Navy has arrested more than 50 Honduran fisherman in the Fonseca Gulf and the Caribbean this year, and they were released after fines had been paid.

Nicaragua

Nicaragua: FM Admits Presence of Two U.S. 'Advisers'

PA3005215396 Managua EL NUEVO DIARIO in Spanish 30 May 96 p 8

[Report by Aura Lila Moreno]

[FBIS Translated Text] Foreign Minister Ernesto Leal has admitted the presence in Nicaragua of U.S. officials, but — in contrast to published reports — he said there were only two U.S. immigration advisers.

This Wednesday, EL NUEVO DIARIO reported that at least 30 U.S. officials, including INS officials and DEA experts, were carrying out an unprecedented operation in Nicaragua to check the flow of illegal aliens and drug trafficking toward the United States.

A U.S. Embassy source had even confirmed the presence of U.S. officials, but failed to mention their number, although he said they are part of the "Simultaneous Interruption II" operation.

No Executive Role

Leal said during a news conference: "These two advisers are members of the Central American Immigration Organization and participate in the region's integration process."

Leal said that he talked with Government Minister Sergio Narvaez, who said that only two Americans were advising Central America and "helping combat the trafficking of illegals through our countries. They play no executive role. They serve simply as advisers as part of a Central American plan." He added that he had no information on the "Simultaneous Interruption II" operation.

Unity Without Action Is Useless

Regarding Central American integration, Leal said that the unity of area countries, as Parlacen [Central American Parliament] proposed recently, should pass through several stages. "The idea is not to sign a unity agreement, but to act," he said.

He continued to say that, although a single passport has been talked about, such a document and several other things still do not exist. "We should first progress in expediting customs and immigration operations," he said.

"What use would it be for us to sign a unity document if we cannot go from one country to another? Let us first take specific action to expedite trafficking, not only in

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goods and things, but in people. Only then can we talk about future Central American unity," he finally said.

Nicaragua: Electoral Council, Army Ready For Registration

PA3005141396 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 29 May 96

[Report by Vanesa Palacios and Nidia Ruiz; from the "National Newscast"]

[FBIS Translated Text] [Palacios] More than 1,000 people ranging from drivers to ministers are fully occupied in the electoral process, which will officially begin on 1 June with the ad hoc registrations in 26 municipalities in Nicaragua. Various ministries are expected to participate, including the Social Action Ministry, which has promised to provide vehicles, facilities, and travel expenses. In the area of Matagalpa in Jinotega Province, five armed groups are expected to lay down their weapons in order to have peaceful elections and to allow the ad hoc registration of those individuals who have not received their identification cards.

[Begin Social Minister William Baez recording] We are allocating a large amount of funds because this is important for us and because democracy is part of the peace process. Without democracy, there is no participation. Without voters' registration, there will be no elections. If there are no elections, there will never be peace in this country. And peaceful elections are President Violeta Chamorro's final wish. [end recording]

Today the Supreme Electoral Council [CSE] said no to violence in view of the upcoming ad hoc registration in 26 municipalities in this country.

[Ruiz] We are practically about to begin ad hoc registration in 24 municipalities [as heard] and the CSE said it expects to halt violence during this process. The CSE made this call following a clash between the police and criminal gangs, which resulted in the death of two individuals.

[Begin Colonel Julio Cesar Delgadillo, National Army's chief of operations, recording] This is a normal situation that is part of a joint program between the Army and the police to fight against criminal gangs. We are striving to enforce this program more strongly in response to the country's and growers' needs. We should stabilize the situation in order to hold the registration. We have had no clashes with El Charro [Ciriaco Palacios founder of the Nicaraguan Democratic Forces For National Salvation] [words indistinct] [end recording]

[Ruiz] Col. Delgadillo said the Army has not had clashes with El Charro.

[Begin Delgadillo recording] We have had clashes basically with the groups of Dimas [Francisco Valdivia Chavarria], Negro, Gadejo, and with some gangs that have been dismantled through police operations or through joint operations between the Army and the police. [end recording]

Nicaragua: Roundup of Electoral Developments Through 30 May

PA3005194296

[FBIS Report] The following is a compilation of reports on developments leading up to Nicaragua's 20 October 1996 elections monitored through 30 May.

In a divided vote on 23 May, the Supreme Electoral Council (CSE) acknowledged Enrique Quinonez Tuckler as the presidential candidate of the Nicaraguan Resistance Party and the nomination of Fabio Manuel Gadea Mantilla as the party's president and legal representative. (Managua BARRICADA in Spanish 24 May 96 p 8)

Moises Hassan Morales and his running mate, Victor Tercero Talavera, of the Renovating Action Movement (MAR), and Alejandro Serrano Caldera and his running mate, Juan Sanchez Barquero, of the Unity Alliance (UNIDAD) registered at the CSE on 23 May. They also filed lists of candidates for such posts as deputies, mayors, deputy mayors, and councilmen. Hassan said the MAR will not join alliances because its congress has so decided. Also on 23 May, Hassan and the MAR's organization secretary began a tour of the United States that will include Miami, Houston, San Francisco, Los Angeles, and Atlanta, where they will collect funds for their campaign. (Managua BARRICADA in Spanish 24 May 96 p 4)

National Police Director Commander Fernando Caldera has said the police have not yet received the 42 million cordobas earmarked for implementation of the surveillance and security plan for the upcoming elections. Caldera made the remark while presenting the election security plan to CSE President Rosa Marina Zelaya, who has said the plan will mobilize 8,000 policemen during the ad hoc registration phase in 26 municipalities and 20,000 on election day, when they will guard the polling stations and safeguard the transfer of the votes. (Managua BARRICADA in Spanish 27 May 96 p 2)

While Alvaro Robelo, presidential candidate of the recently formed Nicaraguan Alliance formed by the UDC (Christian Democratic Union) and the ANC (National Conservative Action), registered at the CSE on 27 May,

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EL NUEVO DIARIO was receiving a report from the Italian news agency ANSA stating that the banker and former Nicaraguan ambassador to Rome has been formally implicated in the investigation of the money laundering scandal known as "Operation Phony Money." The ANSA report directly links Robelo and the European Bank of Central America, which he founded, in the international fraud case. During an interview on 27 May, Robelo denied the allegations, calling them "the same old balloon that is about to burst," adding that inside the balloon are certain secret services, and he described Giamario Ferramonti, who was mentioned in the ANSA report, as a CIA agent. He declined, however, to name the secret services he had mentioned, saying he was afraid to do so. (Managua EL NUEVO DIARIO in Spanish 28 May 96 pp 1, 2)

The National Justice Party (PJN) registered its presidential candidate, Dr. Jorge Elias Cruz, and his running mate, Miguel Centeno, at the CSE on 27 May. Cruz told BARRICADA his party "is going into the 20 October elections alone, because there are no further opportunities to form alliances with sectors similar to ours." (Managua BARRICADA in Spanish 28 May 96 p 4)

Alvaro Robelo, presidential candidate of the Nicaraguan Alliance, and his running mate, Emilio Molina Palacios, a Jinotega businessman and coffee grower, registered at the CSE on 27 May. (Managua BARRICADA in Spanish 28 May 96 p 4)

Panama

Panama: 'Concerted Action' Parties Withdraw Amnesty Bill

PA3105000796 Panama City Telemetro Television Network in Spanish 2145 GMT 30 May 96

[Communique released by the executive committees of the Democratic Revolutionary Party, the Solidarity Party, and the Liberal Republican faction; from an unscheduled news segment — read by announcer]

[FBIS Translated Text] This is a communique released by the executive committees of the Concerted Action parties, that is to say, the Democratic Revolutionary Party, the Solidarity Party, and the Liberal Republican faction.

This amnesty bill, which the concerted action parties and the government faction have been pushing, was intended to end the political persecution endorsed by the previous government. This bill was always inspired by the desire to conciliate Panamanian society, respecting our people's natural feeling for justice.

Because of this, our lawmakers were instructed to exclude from amnesty those persons responsible for bloodshed, human rights violations, and embezzlement.

This initiative, which seeks to end a period of persecution and anxiety, has been used by opposition sectors to keep sowing hatred and division in Panamanian society, just as they did through the government and Justice Ministry during the previous government, when they created tremendous confusion in the people with this political stance.

This situation has prevented the creation of a proper climate to discuss the cases that truly deserve justice, a discussion with which we could have closed this chapter of the national history once and for all.

The intransigent political opposition has failed to understand the historic need to guide the country on the path of national accord and has used the amnesty bill as an electoral issue with an eye on the 1999 elections. The opposition tried to prevent the approval of this bill, regardless of the consequences.

To prevent further harm to Panamanian society by those who have let themselves be guided by political intransigency and inflexibility and also to spare our people further anxiety, the executive committees of the Concerted Action parties have asked their respective factions to withdraw this bill from debate at the Legislative Assembly following the procedure established by the Assembly's internal regulations.

The communique is signed by Gerardo Gonzalez, Tomas Gabriel Altamirano Duque, Ernesto Perez Balladares, Mitchell Doens, and Francisco Sanchez Cardenas for the Democratic Revolutionary Party; Carlos Clement and Simon Tejeira for the Solidarity Party; and Paul Arango Gasteazoro for the Liberal Republican faction.

Panama: President Sets Up Inquiry on 'Narcofinancing'

PA3005234796 Panama City EL PANAMA AMERICA in Spanish 30 May 96 p A1

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] President Ernesto Perez Balladares challenged THE ECONOMIST yesterday to back up charges of alleged narcofinancing of his campaign. He described as a "show" the alleged resignation presented by Social Security Fund Director Ricardo Martinelli to the Social Security Directorate General.

After admitting the stature of this British magazine, Perez Balladares announced the start of an "investigation" to "determine where this information originated."

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According to the head of the executive branch, it seems that reports such as this one "aim to pressure the Panamanian Government into who knows what." The president said he is "nearly certain this information originated in Panama."

Perez Balladares challenged THE ECONOMIST and any other national or foreign news agency "to prove that his political campaign received a single dollar from an improper source."

He noted: "I do not know whether there was an argument" during a recent meeting with Ricardo Martinelli, but the president admitted to having had to "tell him a few things."

Ernesto Perez Balladares pointed out he does not know whether this prompted Martinelli to tender his resignation to the Social Security Fund's Board of Directors, but there was an "evident lack of knowledge or a desire to mount a show" in this action.

If Martinelli "truly wishes to resign, I am the one to whom he should present his resignation," Perez Balladares added.

Panama: Assembly President Releases Amnesty List

PA3105045496 Panama City Circuito RPC Television in Spanish 2300 GMT 30 May 96

[Statement by Legislative Assembly President Carlos Alvarado before presenting a list of the persons included in the amnesty bill to the Legislative Assembly, in Panama City — live relay]

[FBIS Translated Text] I wish to inform the country that a few minutes ago, we received a communique from the CEN [National Executive Council] of our party, the Democratic Revolutionaty Party, Solidarity Party, and the Liberal Republican Party.

We had a heated debate on this communique. We readily agreed on some of this communique, and this is the objective we had in mind when we brought the amnesty bill up for debate. We sought to reconcile the Panamanian family. We even tried to draft a bill, which, although it did not follow them, was close to the guidelines the church had been proposing since 1993.

We were asked to draft an amnesty bill that would exclude embezzlers or murderers. This objective was fully met. We thoroughly studied hundreds of files throughout the country trying to establish the correctness of our proposal. Unfortunately, certain sectors in this society have forgotten the Christian spirit and are attempting to maintain the same hatred and resentment they felt in 1990, when they headed the Government and Justice Ministry.

We are disciplined, but we are also a faction and a government branch. After a thorough analysis, we decided to resume the debate on Monday. Also, we will make public the list, which, for certain technical reasons, we could not reveal earlier. The list includes every person proposed for amnesty. We have not been able to reveal the list because of certain internal problems. Unfortunately, the media picked up on the opposition's attacks and has been speculating over offenses and situations that never existed with regard to this list but which helped make the public oppose a proposal that only seeks the Panamanian people's reconciliation and to heal the wounds inflicted after the invasion on 20 December 1989.

For this reason, we have taken the opportunity to make public the list of persons included in the proposal, and which, for technical reasons, we had not been able to present yesterday, as the opposition had asked. As you know, the proposal has already been approved, and the only way to alter it is through counterproposals. This proposal was the National Concerted Action's proposal and that of our party. We present the list today, and we expect the opposition to consider and study it and report which cases they regard as positive. We will hand over the list to you and society.

On Monday, my faction will meet and be present at the Assembly plenum to defend the faction's correctness, a plenum for which we are prepared. Thanks.

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Argentina

Argentina: Defense Minister Camilion Applauds U.S. Ties

PY3005231396 Buenos Aires TELAM in Spanish 1915 GMT 30 May 96

[FBIS Translated Text] Buenos Aires, 30 May (TELAM) — Defense Minister Oscar Camilion today praised the increasing number of coincidences that foster Argentina's bilateral relations with the United States.

"The increasing number of coincidences with the United States give our bilateral relations a profile clearly marked by understanding and cooperation," Camilion said after meeting with Thomas McNamara, assistant secretary for political military affairs, and Edward Warner, assistant secretary for strategy, requirements, and assessments.

The meeting comes within the framework of the bilateral talks on political-military affairs and it was also attended by U.S. Ambassador James Cheek.

Camilion revealed that during the meeting "we reviewed the status of our relations in diverse aspects and examined issues of common interest, which shows there has been a great step forward."

The bilateral commission on cooperation in the area of defense had its last working session in this capital during March.

On that occasion Camilion and U.S. officials agreed on the need to talk about concrete areas of cooperation and the need to drop rhetoric in favor of progressing in aspects relative to human, logistic, and budgetary resources.

During the meeting, U.S. Defense Under Secretary Walter Slocombe stated that "we want and need to work with partners in the region" because the United States "cannot and does not want to face these matters on its own."

The defense minister received new support for his administration from the U.S. Government through Secretaries McNamara and Warner.

Yesterday, Cheek brought a letter from U.S. Secretary of Defense William Perry conveying that support.

Argentina: Naval Operations With Brazil, U.S. Confirmed

PY3105030096 Buenos Aires TELAM in Spanish 1923 GMT 30 May 96

[FBIS Translated Text] Buenos Aires, 30 May (TELAM) — During today's cabinet meeting, the government endorsed the possibility of joint naval operations in the South Atlantic, named "Fraterno" and "Unitas," respectively, with Brazil and the United States.

At the Olivos residence today, Foreign Minister Guido Di Tella reported: "Joint Armed Forces operations in the South Atlantic, especially Operation "Fraterno" with Brazil, were approved today."

The foreign minister explained that "Operation Unitas" will also be carried out, "with the participation of other countries of our region."

Concerning military budget demands, Cabinet Chief Jorge Rodriguez emphasized: "The law and President (Carlos Menem) provide the response: We totally agree with the proposal raised by Army Chief of Staff (Martin Balza)."

Rodriguez said: "All proceeds generated by Armed Forces assets sales must be used for their reorganization and modernization."

The chief of cabinet emphasized that the defense policy must not rely on political junctures.

Rodriguez underscored: "We agree that Argentina must prepare an excellent defense policy through permanent talks with all government echelons."

Argentina: Peru's Congress Condemns Arms Sale to Ecuador

PY3105032896 Buenos Aires LA NACION in Spanish 30 May 96 p 12

[FBIS Translated Excerpt] The government yesterday received good and bad news on the scandal over the sale of arms to Ecuador and Croatia. The good news was that the United States conveyed its support for Defense Minister Oscar Camilion's continuation in his portfolio. The bad news was that the Peruvian Congress strongly condemned the Argentine arms deal. [passage omitted]

Peruvian Condemnation

The Peruvian Congress, through a multiparty proposal that was unanimously approved, strongly condemned what happened with the arms sale "when this country (Ecuador) was engaged in an act of aggression against Peru."

The document also transmits a request of the Peruvian people to the Argentine Government to see that the investigations under way clarify the situation and identify those responsible for the arms diversion as soon as possible in order to determine the appropriate responsibilities.

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The document also renews the conviction in the firmness of the historic, social, and cultural links uniting Peru and Argentina. The proposal, after it is approved in the plenum, possibly today, will be sent to the Foreign Ministry so that it can be presented to the Argentine Government. The document was elaborated and signed by representatives of all political associations 10 days after Congress President Martha Chavez de Ocampo visited Buenos Aires taking with her a letter from President Alberto Fujimori to President Carlos Menem.

Argentina: Illegal Arms Sales to Ecuador Prosecuted

PY3005230596 Buenos Aires TELAM in Spanish 1807 GMT 30 May 96

[FBIS Translated Text] Buenos Aires, 30 May (TELAM) — The government, through the Treasury Prosecutor's Office, has "pressed charges" in the case being heard by Economic Penal Judge Marcel Aguinsky over the alleged crime of arms smuggling to Ecuador.

The case is parallel to the one being heard by Federal Judge Jorge Urso over the alleged diversion of arms to Ecuador. Luis Sarlenga, former trustee of Military Industries, and Colonel Edberto Gonzalez de la Vega, a company employee, are indicted in this case.

Through the Treasury Prosecutor's Office, The government justified its request to join the prosecution to Judge Aguinsky, recalling legal norms authorizing it to press charges. The judge acquiesced the request.

Law 19539 establishes that the government can join the prosecution in cases where general interest is involved, when the crime is against the security of the nation or against a public power, the constitutional order, the administration, or against the patrimony or fiscal revenues, among other reasons.

The document submitted to Judge Aguinsky was signed by Treasury Prosecutor Rodolfo Diaz. It says the government action is directed against "the masterminds, accomplices, and accessories" of the crime being heard at this court and against the president and the board of directors of the Hayton Trade company.

The company, based in Uruguay, acted as intermediary in the operations that allegedly diverted arms shipments sold to Venezuela and Panama. The company also allegedly used false documents to purchase the arms.

Argentina: Di Tella Reports on Falklands Issue

PY3005174696 Buenos Aires TELAM in Spanish 2036 GMT 29 May 96

[FBIS Translated Text] Buenos Aires, 29 May (TELAM) — Foreign Minister Guido Di Tella today endorsed the formation of a working group, comprising representatives from various political parties, for reviewing foreign policy and a strategy for regaining effective sovereignty over the Malvinas Islands, as proposed by Federico Storani, the UCR [Radical Civic Union] bloc leader in the Chamber of Deputies.

During a report delivered to the Foreign Relations Committee deputies, Di Tella emphasized: "If we achieve the formation of a working group for discussing the foreign policy's pros and cons, it would be a fundamental, positive, and highly desirable step to indicate unity before third parties."

The foreign minister explained: "It is necessary to achieve basic agreements among us to prepare and hold these systematic meetings between the Foreign Ministry and congressmen."

At the meeting, UCR Deputy Federico Storani had emphasized the significance of forming a multiparty working group "for reviewing the path to be pursued in the policy for recovering the Malvinas Islands and concerning the South Atlantic."

Upon raising its proposal, the UCR again criticized the Argentine decision of leaving the Nonaligned Movement, and gave an alert to the consequences this policy would have when the Malvinas Islands inhabitants invoke the principle of self-determination at the UN Decolonization Committee.

Nevertheless, Di Tella emphasized that "we will fare very well" at the committee, which will meet in July. He announced that Argentina would raise "very important arguments" at the UN Decolonization Committee to support its rejection of the "Kelpers" self-determination project.

Di Tella said: "Our arguments are very solid." He recounted the remarks made by the British representative to The Hague Court, acknowledging that the "principle of self-determination does not apply to areas in conflict."

The foreign minister emphatically told the deputies that Argentina had left the Nonaligned Movement "because we believed that it was not in our interest to be a member of a diffuse alliance."

Di Tella explained: "With India, Indonesia, and Egypt, for example, we have a fruitful relationship, and we do not believe that we have lost the support of the emerging countries."

Di Tella added: "The strategy on the Malvinas Islands represents a high priority. It has been established in our Constitution. We want international forums to support

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us. In addition to bilateral relations, we want countries in our region to support us. It is necessary not to transform this discussion into a partisan dispute."

Di Tella also denied the existence of an alleged Argentine Government proposal to the Malvinas Islands inhabitants. He emphasized: "It merely represented a sounding out. It is an idea that is still alive, but first requires congressional approval."

Federico Storani, the UCR bloc leader in the Chamber of Deputies, believes that "giving up the struggle at the UN Assembly does not represent a minor issue." He asked the foreign minister about "the reason for unconditionally siding with the United States."

Di Tella responded that Argentina is not an "unconditional U.S. ally." As evidence for this assertion, he mentioned our country's debate on "trade issues (the Patents Law) and political issues, such as our stance on Cuba."

UCR Deputy Marcelo Stubrin, the Foreign Relations Committee deputy chairman, challenged the Argentine policy on the South Atlantic. He emphasized that the results achieved by the Argentine policy "have been completely different than what was expected, as the British policy and the islanders' policy achieved more progress."

The foreign minister responded: "The islanders' prosperity began after (former Foreign Minister) Dante Caputo (from the UCR) issued fishing licenses for third parties, which prompted the British to expand the [fishing] exclusion zone."

Justicialist [Party] Deputy Raul Alvarez Echague emphasized that the recovery of the Malvinas Islands "represents a religion" for Argentines. He rejected the UCR criticism, noting that "it is not true that this administration has given up international forums."

Argentina: Di Tella Views Falklands' Autonomy

PY3005233496 Buenos Aires CLARIN in Spanish 29 May 96 p 17

[Article by Foreign Minister Guido Di Tella: "The Malvinas [Falkland] Islands Shall Never Be Either British or Independent"; from the "Debate" column]

[FBIS Translated Text] Let us begin by stating the obvious: Just as we, Argentines, do not acknowledge that Britain has any legitimate right to control the Malvinas Islands, **we shall never ever consent** to their becoming an independent state by invoking the principle of self-determination. This is the irrevocable position of our foreign policy which is buttressed by a constitutional clause that, following the latest [constitutional] reform, gives the administration the mandate to regain sovereignty over the South Atlantic islands through peaceful means and by respecting the islanders' way of life.

Having said this, we must state that above and beyond the real intentions of some sectors of the Malvinas Islands or the policy of the United Kingdom, recent moves by the islands and Britain **have no effect whatsoever** on the alleged intent by the Malvinas Islands to become independent, as some local observers claim.

If we want to act with **practical competence** to achieve the objectives established in the Constitution, we must begin by analyzing events with realism and intelligence, without mixing concepts or being alarmed by false obsessions.

Among the concepts we that must not be confused are two central issues; namely **autonomy and self-determination.**

The Same Status

The recent ideas spawned in the Malvinas Islands to introduce modifications to their quasi-municipal status — which the islanders call a Constitution — would, on the one hand, seek to establish a new balance between urban and rural areas of the Malvinas Islands by granting greater institutional representation to the urban-port area which is more densely populated and more economically powerful.

The other aspect is obviously domestic: The fact that the inhabitants of the Malvinas Islands are pressing Britain to acknowledge a greater degree of autonomy for an area, region, or district **does not change their status** as part of a whole, viz, their de-facto dominion status subjected to the British Crown and Parliament. To better understand that this autonomy has nothing to do with independence, we should take the example of the City of Buenos Aires — which will become fully autonomous at the end of June. This does not mean that by virtue of its new status, Buenos Aires will cease to be part of the Argentine state. The same holds true in the case of the Malvinas Islands. The legal reforms they propound do not include **a single word** hinting at a shift from their current status to self-determination.

Self-determination is **a very different kettle of fish.** Britain has sought — since the Second World War, and particularly since the United Nations began to pressure for the end of colonial rule at the end of the 1950's and the start of the 1960's — and to make UN Resolution 1514 (XV), which was adopted in 1960, applicable to the Malvinas Islands case. This resolution states: "All peoples have the right to self-determination ..." This

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viewpoint was frequently expressed under the claim of "considering the **hopes**" of the Malvinas Islands inhabitants for a solution to the status [preceding word in English] of the islands.

This stance was successfully disputed by Argentine diplomacy, invoking Point 6 of Resolution 1514 (XV), which states: "Any partial or total attempt to disrupt the territorial integrity or unity of a country is **incompatible** with the goals and principles of the UN Charter."

It Does Not Apply

Applied without rhyme or reason, and outside the framework of the equilibrium involving the principle of integrity, the idea of self- determination represents an explosive risk. The case involving the former Yugoslavia is an example for all to see. In the case of the Malvinas Islands, the self-determination principle does not apply either, as it involves a population that was **introduced** after the expulsion of the inhabitants who originally and lawfully settled there. It also involves a population and a society that have preserved their original features, based on administrative bans and regulations.

This decision was made by the United Nations, through Resolution 2065 in 1965, in support of the Argentine stance.

The two parties, as well as the international community are well aware of the British and Argentine stances. In a nutshell: **They are not new.** Commentaries over the past few weeks express surprise, perplexity, and even a tardy revelation of a British stance taken several decades ago which, unfortunately, was encouraged by the 1982 war.

Well, we must differentiate between the ritual expression of stances involving principles and actions to change the current situation.

It is impossible to implement a unilateral change in the status [preceding word] of the islands or to take any action — or any attempt to implement changes unilaterally — without reasonably expecting very serious consequences.

The only plausible and rational path has been repeatedly spelled out by the international community at the United Nations: The two sides must sit down and negotiate the dispute. Unfortunately, the **United Kingdom has**, so far, **refused to accept** this path, and thus disregarded the United Nations as well as the lawful claim by Argentina and the vast majority of Latin American nations, whose unwavering solidarity confirms growing regional interest in finding a solution to this dispute.

As we approach the turn of the century, the Malvinas issue cannot be resolved through "pro-independence" **subterfuge**, nor can this anachronistic colonial status continue.

Argentina: Di Tella Explains Failed Arms Sale to Bolivia

PY3005223196 Buenos Aires TELAM in Spanish 1929 GMT 30 May 96

[FBIS Translated Text] Buenos Aires, 30 May (TELAM) — The government repeated today that there was nothing wrong with the decree issued in 1992 authorizing the sale of arms to Bolivia. The decree became public knowledge following the recent elimination of the secrecy surrounding those operations.

Foreign Minister Guido Di Tella denied speculations that the operation was another case of arms diversion. The minister talked with reporters at the end of a cabinet meeting.

Di Tella said: "There was the chance to make a very important sale to Bolivia, in response to a request by the Bolivian defense minister and the Armed Forces Corporation for Development," the Bolivian organization in charge of this type of operations.

The minister explained that the purchase order submitted by Bolivia "depended on their success in obtaining financing." Di Tella said "they provided a certificate of final use," but in the end "the operation failed."

Di Tella elaborated on what Chief of Cabinet Jorge Rodriguez had said on 28 May when he explained that the operation authorized by Decree 1633 of 1992 "was totally in order."

Rodriguez then dismissed reports casting suspicion on the decree explaining that Bolivia did not formalize the purchase, adding that the offer "expired" one year later, as is normal in these cases, because the neighboring country did not take up the purchase option.

Argentina: Memem on Second Stage of State Reform

PY3005153396 Buenos Aires TELAM in Spanish 1332 GMT 29 May 96

[FBIS Translated Text] Buenos Aires, 29 May (TELAM) — President Carlos Menem said today that the second stage of the state reform is under way, and praised the support that IMF Managing Director Michel Camdessus gave to the Argentine transformation model.

"The second stage of the state reform is under way; it has not been delayed, not in the least," Menem said during a dialogue with Radio America. He added that "the decree includes a reform timetable."

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Menem said that the decree "establishes the periods during which the different areas of the national public administration and some state institutions must implement specific tasks so that we, once we receive the proposals, can make the appropriate evaluations and take the appropriate measures."

Menem underlined the comments of IMF Managing Director Michel Camdessus during his visit to the country. What Camdessus said "encourages us enormously because he sustains the belief that Argentina is the only country that is ahead in its process of transformation. We started implementing it almost six years ago."

"On the other hand, (Camdessus) has promised permanent support for the model. He told me last night, however, that Argentina no longer needs the help of the IMF because things are going very well. These are the type of comments that gratify," Menem said.

Asked whether this was not the Army's best day (the Army commemorates its day today), the President said: "No, I think the Argentine Army, like the entire Armed Forces, has understood that the transformation process is necessary" within the framework of the second state reform.

"They know it is essential to make some sacrifices so that we might have totally modern Armed Forces, with quick deployment capacity and a truly acceptable fire power," the president said.

Menem said that "the Argentine Armed Forces are inspired in that spirit. Obviously it is not the ideal moment, but it is a transition period and the Armed Forces chiefs are conscious of what the country really wants for this essential institution that was born with the nation."

Asked about the National Bank, the president said that "at no time" did he speak with Camdessus about the privatization of the Argentine National Bank. The president said that "you cannot talk about the privatization of a great institution in the area of Argentine finances and growth lightly."

Menem added that "we must conduct a study and if the study produces good results, particularly for the people who produce and work, we will probably have to take measures. As things stand now, we can correct some things and continue with the National Bank as the defender of the state."

Argentina: Commander Says Army 'Prepared' For Changes

PY3005231596 Buenos Aires TELAM Spanish 2050 GMT 30 May 96

[FBIS Translated Text] Buenos Aires, 29 May (TELAM) — General Martin Balza, the Army chief of staff, said on 29 May that his branch is prepared to change and labeled the administration's state reform for which proposals must be submitted within 30 days as "very proper."

Asked about the reorganization of the Army, Balza answered: "We are facing a real challenge which must be met. We are working with enthusiasm and dedication."

Balza said: "The Army is mentally prepared for the change." He added that the government's 30-day deadline for a reorganization proposal, is "very appropriate."

The general denied that because of budgetary cuts the Argentine Armed Forces have lost ground before those of other Mercosur [Common Market of the South] countries, adding that relations with the other Armed Forces are marked by "understanding, mutual respect, and integration."

Balza said this after a ceremony to mark the 186th anniversary of the Argentine Army at the Military College in El Palomar. President Carlos Menem presided over the ceremony.

The Army commander said: "Budgetary factors have not created imbalances between the Argentine Armed Forces and those of the other Mercosur countries." He emphasized that relations among military institutions of Mercosur "are marked by understanding, mutual respect, and integration."

Balza said that "Argentines are moving toward the reinstatement of peace, and reconciliation," and expressed "extreme" willingness to "help build a future of peace and reconciliation."

He stated: "Argentines harbor no hatred because it is an unchristian feeling, abhorrent to all other religions as well. We are building peace and reconciliation for all Argentines."

[Buenos Aires NOTICIAS ARGENTINAS in Spanish 2050 GMT on 29 May reports: "Lieutenant General Martin Balza, Argentine Army chief of staff asked for the revenue from the sale of 'dispensable' Armed Forces real estate to be allocated to the military reorganization.

["Balza used his speech to underscore the 'sacrifices' Armed Forces personnel have made through successive

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budgetary cuts, and to outline his position toward the second state reform.

["He said: 'Speaking generally, we could say Army organizations have been downsized 43 percent, and that our current operational budget is less than 10 percent than it was in 1983.' He added: 'We now have less than half the personnel we had 10 years ago.'

["The Army chief of staff stressed that 'these figures give one an idea of the sacrifices' the budgetary cuts have 'meant' to the Armed Forces.

["Balza stated: 'We are not naive. We realize that the target is still far away, and that the climb is very steep. It is, however, our duty to stay on the course that we have been ordered to keep.'

["Finally, he asked that 'the funds raised through the sale of Army real estate deemed dispensable be used for the benefit of the Army reorganization.']

Argentina: Fishing Industry Problems Discussed

96SM0315A Buenos Aires LA PRENSA in Spanish 12 May 96 pp 4, 5

[Article by Martin Bidegaray and Christian Atance: "Problems in the Fishing Industry Result From Explosive Growth"]

[FBIS Translated Text]*The eventual depletion of the species and the excessive size of the fishing fleet raise doubts in the industry.*

Industry operators warn that, following the accelerated expansion of recent years, there could be periods of stock accumulation and low prices. Industrialization also has its problems and, on top of that, there is the threat of pirate fishing.

After growing explosively during the past five years, the Argentine fishing industry is facing a severe test. To assure the continuation of the growth process, businessmen in the industry will have to sharpen their wits. Why? The six principal species of Argentine fish are now over the maximum advisable catch rate. "The moment has come for the industry to recognize its maturity," says Alfredo Pott, president of the Grupo Pesel, a conglomerate that includes the fishing companies Santa Elena, del Beagley, and Coalsud.

"We have reached a period of rapid growth, basically as a result of expanding into a vacuum. The use of new ships, incentives to create new companies, and agreements with the European Union have brought us to the point where all of the species are within their maximum sustainable catch rates," explains the executive. "The easy part is over. Now comes the hard part."

Amber Light

Far from causing euphoria, the prospect has flashed on a warning light in the industry. "The fishing fleet is too large," admits Marcelo Aronzon, manager of the Argentine Chamber of Fishing Boat and Freezer Owners, an organization that groups together 58 firms that operate ships that process and freeze their catches aboard. "For some time we have been saying that the entry of new ships should be restricted. This overfishing not only causes a fall in profits, but it also creates problems in our export markets. We are saturating some markets with our products, which can cause a drop in prices and an accumulation of stock," he emphasizes.

Aronzon warns that "if we are not careful, we could run into problems suffered by countries such as Canada, which had to close its fishing grounds for several years, because its stock was devastated. We have to begin to take care of the sea with a system of prohibitions and restrictions, depending on the circumstances. The fishing industry is very dynamic, it is constantly undergoing changes in species as well as in markets."

In this situation, there seem to be few options. The businessmen in the industry agree that adding value is one of the few ways for the industry to maintain its growth. But at first sight, the task does not seem easy. "The international market is reluctant to let us enter with increased value-added products because we would be taking work away from plants located in the United States or Europe. The government and the private sector must work together in different ways to develop a policy of efficient penetration," says Aronzon.

Diversify Markets

"It is frequently said in many quarters that we must industrialize more. This is not done merely by a firm's decision to invest. It is necessary to define a product and conduct exhaustive market analyses. There were experiences in the past that ended in disaster," explains Pott, the maker of kani kama, one of the domestic industry's most successful products.

According to Pott, "One of the keys is market diversification, so as not to suffer the problems we have had in the past. Exports were shipped to a few markets, which made us very vulnerable to price fluctuations."

Pott says that in order to maintain a level of prices that makes the industry profitable, much attention must be paid to costs. "For certain items, Argentina continues to be an expensive country. Services are still a very important component in the costs of production, whether it be air transportation, port fees, or telephone costs, something that is used a great deal in this business. This

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makes it very difficult to compete with counties with a fishing tradition, like Chile and Peru." Japan, Spain, Italy, the United States, South Korea, Taiwan, and Brazil are the main destinations for Argentine exports, which last year exceeded $900 million for the first time. "We are close to reaching a ceiling. This is a biological resource, if we overfish and do not preserve the species, we could enter a recessive cycle. Each species requires a different kind of treatment. This is where we have to apply more controls, in order to avoid excesses," Aronzon points out.

All is not bad news for the industry. The activities of foreign vessels in Argentine seas is ceasing to be a headache for businessmen and local authorities. Illegal fishing declined significantly during the past year. "Increased support from the Secretariat of Agriculture, Livestock, Fishing, and Food enabled the Navy and the prefecture to conduct increased patrolling in our waters," says Aronzon. This is a task that will be intensified over the short term with the incorporation of a sophisticated system of satellite control. "The most important thing is to dissuade foreign fleets from leaving their ports, because once they are here, they do their job. The fish do not know about borders."

"It has often been said that Argentina is the last fishing ground on earth, but this is not true. Fishing is done all over the world, some countries have species much more valuable than ours. The sea is an inexhaustible source of resources, its capacity to create life is hard to imagine."

"Sometimes we tend to exaggerate things in our country." admits Pott. "Argentina is a fishing country, it has resources and an important industry. But we are still far from first place in world ranking."

"The fishing industry requires a very complex diversity. There is an enormous variety of species, vessels, manufacturing, and marketing processes. The industry's dynamic is very complicated; the equations are constantly changing. Problems of climate or habitat, such as salinity, temperature, or luminosity can increase or decrease the yield. There are years in which we find that some species no longer seem to exist." says Pott.

"Argentina is not traditionally a fishing country, our industry is relatively young. Sometimes there is concern over what came so quickly. But this is not the case. The fish were always there. It is just that no one ever took an interest in them. Bahia Camarones in the Province of Chubut was always called that, since the time of the conquistadors. If they called it by that name, it was because the shrimp could be seen with the naked eye," Pott explains.

Wagers

The businessmen are betting some of their chips on growth in domestic consumption. "While this has increased in recent years, it is still low compared to some European countries, it barely reaches five kilograms per year per capita. Increased awareness among people of health considerations makes us optimistic. Travel has also taught the Argentines to eat fish," explains the head of Pesel. The industry is also asking for policies agreed upon by the private and public sectors. "We have a great legal vacuum in Argentina because there is no law on fisheries. Although Congress, the executive, and the industry are working on it, there has still been no progress. This vacuum causes legal uncertainty and undermines investor confidence," says Aronzon.

But to dissipate fears, Pott says that "the industry is here to stay. In some regions the industry has completely changed the standard of living. Some 20 years ago in Puerto Deseado (Province of Santa Cruz) one vessel a year arrived, which sometimes was not a fishing vessel but a cargo ship. Now, there are always 20 to 30 ships in the port. The city went from 1,000 to 8,000 inhabitants," Pott remarked.

[Box, p 5]

Internal and External Expansion

Exports are double those of 1991 and domestic consumption is growing at a rate of 20 percent annually.

One of the industries that has benefited most from the export boom that the country is experiencing is the fishing industry. According to data published by the industry magazine REDES, confirmed by the Secretariat of Agriculture, Fisheries, and Food, 580,000 tons of fish was exported in 1995, for a value of 901.5 million pesos. A total of 147 firms exported that amount, which represents an increase in value of 20 percent and 10 percent in volume over sales in 1994.

Exports of fish grew by more than 120 percent since the start of the convertibility program, the same rate of increase as catches by Argentine ships. In 1991, this was on the order of 635,000 tons, while in 1995, 1,135,451 tons was brought in, an increase of 55 percent since the first year of convertibility and 21 percent compared to 1994.

Some 576,700 tons of fish was exported in 1995, 110 percent more than the 274,500 tons exported in 1991, according to data released by the Secretariat of Agriculture, Fisheries, and Food.

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Catches

Comparing export figures with data on catches, it can be seen that the development in exports was more rapid and impressive in less time. From 1991 to 1995, exports grew twice as fast as the amount of fish caught. (see chart)

The export avalanche was heaviest in products such as hake. The volume of exports in filets represented 34.7 percent of the total, followed by squid (28.8 percent), H&G (headless fish, 14.6 percent), lobster (8.2 percent), and surimi (7.8 percent). The figures indicate that filet exports increased by 28 percent from 1991 to 1995 while sales of whole fish and H&G grew by only two percent in the same period.

The advanced level of industrialization of the domestic industry became evident in the quality of exported products. Some 300 million filets were sold (100 million more than in 1994), 249.4 million squid, and 71.2 million lobsters.

Japan is the principal purchaser of Argentine fish products. With purchases of 106,500 tons, it acquired 22.6 percent of total exports by value and 18.5 percent by volume. Our second most important client is Spain, with 18.9 percent of value in foreign exchange, followed by Brazil (12.2 percent), Taiwan (9.4 percent), and the United States (9.1 percent).

Regarding catches, hake continues to be the type most sought after by fishermen in local waters, with 450,000 tons caught in 1995. Squid comes second, in terms of catches. It grew by barely one percent compared to 1994, but it continues to be very much in demand by foreign buyers.

Although the industry is celebrating its successes, there are still many off-the-record complaints concerning licenses to be granted in the South Atlantic. Meanwhile, the fisheries are also taking comfort from the increase in domestic consumption of fish. In 1993, each Argentine consumed an average of three kilograms of fish per year. Today, each Argentine puts away seven kilograms of fish, which is highly touted in diets and by wide recognition of its value as healthy food.

The best proof of the rise of fish in the menu of Argentines is offered by the chain Carrefour. In the French-originated supermarkets, sales of fish have grown by an average of 20 percent per year. Frozen products play an important part in this growth, as they are being sold in about the same amounts as fresh fish. Supermarkets and hypermarkets account for 90 percent of the sales of frozen fish, while traditional neighborhood fish stores account for most of the sales of fresh fish.

Disadvantage

In any case, according to data from the Marketing Department of Carrefour, less fish is being sold than meat or chicken. Sales of fish represent only 34 percent of sales of beef and 47 percent of sales of chicken.

According to data from the fishing industry, the demand for fish products in the country's six principal cities is around 100,000 tons annually. Fish accounts for 75 percent of that amount, with the rest represented by shellfish. The increase in demand is due to sales of the products in supermarkets or the spread of restaurants specializing in fish.

"We are betting a lot on domestic consumption, which has been increasing in recent years. It is still low compared with some European countries, it barely comes to five kilograms per capita each year. Greater health awareness in the population makes us optimistic. Travel has also taught the Argentines to eat fish," explains the head of the Pesel group, Alfredo Pott.

For consumption to increase, the industry believes that deficiencies in frozen fish sales in some supermarkets must be corrected, consumers should be better informed about availability, and prices must be brought in line with those of meat and chicken. Now used to the efficient provision of products abroad, the fish industry is beginning to look closely at the domestic market.

Five Years on the Rise

Years	Catch (thousand tons)	Exports (million pesos)
1991	635	400
1992	680	480
1993	800	600
1994	900	700
1995	1,135	900

Source:REDES, from official and unofficial data

Share By Species

Species	Percentage of Catch
Hubbsi Hake	50.6
Squid	17.5
Others	12.1

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Species	Percentage of Catch
Polaca	9.2
Blue Fish	2.6
Small Anchovies	2.2
Cod Fish	2.0
Tailed Hake	2.0
Black Hake	1.8

[Box, p 4]

Lessons About a Group That Made a Mistake and Is Now Looking for a Buyer

Zanella Mare, a Failure Despite a Major Investment

It is not always easy to enter foreign markets, offering products of high added value. In its desire to diversify its products, Zanella Hermanos created a subsidiary to produce fancy fish products. The aim was to export to countries like Italy and Spain.

Despite all the effort, the experience was not very profitable. Zanella Mare was never able to break even. After making a considerable investment to build a modern plant in Mar de Plata, the company abandoned its original idea and ended up by turning out products of little added value. When it was beginning to come out of the red, the ultimatum arrived from its controlling stockholder. In order to meet his obligations, Zanella recently announced his intention to abandon the fish business. He is now looking for a buyer for his plant, valued at $14 million.

If Zanella does no find an interested party within a year, he will request a new appraisal from an international consultant who specializes in fishing firms.

"High value-added products require intensive research, especially if there is no possibility of compensating for a decline of foreign sales or in the internal market. Before deciding on an investment of this magnitude, adequate marketing channels should be assured in the countries one hopes to reach. In most cases, the simplest way is to form an association with a firm located abroad," an industry specialist, who asked not to be identified, explained to LA PRENSA.

[Box, p 4]

An Example of Success Based on Value-Added

In speaking of high value-added products, examples do not abound in the Argentine fishing industry. All the laurels are carried off by the kani kama. An ancestral dish of Japanese origin, the bits and slices of fish with a natural crab flavor have won over the palates of the Argentine public. However, it was not easy to establish the product. "Kani kama was an unknown product that was introduced to the consumer at a very high cost: four years were to pass before it reached all of the supermarkets," says Alfredo Pott, president of Pesquera Santa Elena.

"Once it was clear that the product was profitable, the foreign competition arrived immediately. Thanks to the policy of an open economy, products have come in from East Asia at very low prices. Because of this we have entered a dumping complaint with the Secretariat of Commerce," Pott says.

Kani kama is a fish paste from which the oils are not removed. It is a protein without odor, but with flavor. "This is a product that has a low cholesterol and caloric content and high nutritional value. It is vacuum-packed and cooked in its own wrapper. Ready to eat by simply defrosting it, it is today's modern food," says Pott.

"We have begun to introduce this product in Brazil, with much success. Today we can say that Argentine kani kama is available in all the major supermarkets in Mercosur. We are also exporting to Peru, Chile, and Bolivia," explains Pott. "We are currently producing some 100 tons per month, which we expect to increase in the near future."

But kani kama is not the only product with which Santa Elena hopes to conquer the supermarkets. The company is now putting its money down on Hadoki, thin slices of a species of codfish that lives in the depths of Patagonia's waters. Smoked and vacuum-packed, Argentine codfish is also getting set to conquer the world.

Argentina: Signs of Economic Recovery Analyzed

96SM0319A Buenos Aires CLARIN (CLARIN ECONOMICO Supplement) in Spanish 19 May 96 pp 4-7

[FBIS Translated Text] CLARIN organized a roundtable with prominent economists to discuss what the recovery of the Argentine economy will be like. Miguel Angel Broda, a business consultant; Roberto Frenkel, a former chief economic adviser of UCR [Radical Civic Union] Minister Juan Sourrouille and director of CEDES [Study Centers for a Social Democracy]; Carlos Melconian, a private analyst; Arnaldo Bocco, a Frepaso [Front for a Country in Solidarity] economist and head of the Center of Programmatic Studies, and Daniel Montamat, industry secretary in the UCR shadow cabinet, discussed the extent of the recovery.

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CLARIN: Can we talk at this point about a sustained economic recovery?

Carlos Melconian: Since January and February there have been multiple signs of a recovery, even in production sectors such as textiles, where the survivors have wound up with the market that others lost.

Miguel Broda: That's right. The recovery has already begun, a very modest yet real one. This is the sixth short-term cycle since 1970 and it has been marked by the deepest recession in Argentina's history: the GDP shrank 10.7 percent from the first to the fourth quarter of 1995.

Historically, deep recessions have been followed by rapid recoveries. Yet I think that in light of the process of structural transformation that Argentina is going through, the fear of making consumption and investment decisions will lead to a meager recovery.

I don't think that Argentina today is a sure long-range bet. Labor and capital costs have to be lowered; government needs to be reformed, and limits have to be placed on provincial and national borrowing. This is why Minister Cavallo's current strategy of constant stimulus, while ignoring the budget numbers, is risky.

Daniel Montamat: I agree that we are looking at a process of economic recovery, but once again the administration is assuming that there is unrestricted financing and unlimited liquidity for public-sector deficits.

Many are trying to stoke expectations so people will say, "this is working." I think that at best what we are seeing is a short-term recovery. There will be a recovery, but we do not see sustained, long-term growth for the Argentine economy.

Arnaldo Bocco: In future quarters we are going to see a very disparate and very slow recovery, with a growth rate that will not exceed two percent in 1996.

Four-fifths of Argentines saw their share in income distribution fall in 1995. In Rosario a poor family spends 122 pesos a month on food and beverages without having a guaranteed income. The conditions on the domestic market are catastrophic; the consumption capacity of half of this market has been frozen.

Roberto Frenkel: I think that one thing needs to be clarified. It is statistically impossible for the GDP to grow by five percent, as Cavallo claims, because the expansion of demand would be spectacular. It is question of mathematics: if the minister says that the GDP will grow by eight percent in the fourth quarter, he should also say that last year it shrank by 7.7 percent in that period, because if he talks about an annual average and acknowledges that the GDP fell by 4.4 percent, he also has to admit that it cannot grow by much more than 2 percent this year.

1995 was an extraordinary year for the Argentine economy, with two shocks, one positive and the other negative: the 30 percent growth in exports, and the drop of 4.4 percent in the GDP, 16 percent in investment, and somewhat more than 8 percent in domestic demand. This represents a dramatic recession that hit more than 90 percent of activities.

If the question were, what is the growth going to be like? we would see that although we will do quite well with exports, the effect on growth is going to be minor. So everything depends on a revival of consumption, because it is unthinkable that there will be an investment boom amid these depressed expectations. However, since we can anticipate that there will not be a boom in capital inflows, that reserves are not going to grow from now until year end, and that there will be neither a major monetization nor a major increase in the supply of credit, it is hard to believe that consumption is going to recover.

[CLARIN] Since we are talking about a recovery, will the unemployment rate decline?

Roberto Frenkel: No. It it is unlikely that the modest recovery we foresee will have an impact on employment. If the unemployment rate in May was lower than the one in October, it was because fewer people were looking for work, not because unemployment was really down. Moreover, the number of people working full time also dropped.

Arnaldo Bocco: I agree with Roberto. Given the kind of sectors that are going to recover over the next 6 to 15 months, there is no chance of a significant impact on employment. On the contrary, in the sectors that have made heavy investments, such as foodstuffs or beverages, the quality of the jobs is going to decline: we are going to see engineers doing blue-collar work.

Daniel Montamat: This is true. Although the jobless rate could rise somewhat, what is really increasing is the rate of underemployment.

Miguel Broda: The unemployment we have in Argentina is technological in structure, in other words, we have lowered the cost of capital and replaced labor with capital in all production sectors. This unemployment will be with us for a long time, but this does not mean that the recovery we are starting to see will not have a beneficial effect on the demand for labor. Yet it is not true that the recovery is going to have a major impact on the high jobless rate.

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[CLARIN] What sectors are going to benefit from the recovery? What are the locomotives that will bring us out of the recession?

Miguel Broda: If you are a shopkeeper 10 blocks from Wal-Mart and are waiting for the recovery to make your business profitable, you should know that no growth rate will do that. We used to have 16,000 pharmacies and now have 11,000; no matter what the rate of recovery is, we are going to have 10,000 next year. We are in the midst of a program of competitive transformation that will have major, unspecified social costs.

Certain sectors are going to be in the lead, such as cement, the production of which has begun to rise. There is also a boom in the farm sector, which is the driving force, for example, behind distribution networks for household appliances and cars to be sold in the areas helped by this beneficial situation. On the other hand, the industrial commodities that were in the lead in 1995 are not going to be present.

The worst thing that could happen would be if people believed that the recovery will enable them to keep on living as they are now.

Roberto Frenkel: My assessment is a little less resigned. I agree with the forecast, but the same thing does not happen everywhere that the economy opens up. There is something wrong here that explains an 18 percent jobless rate. The sectors that are losing jobs here are absorbing them in Chile. There is something wrong with relative prices in Argentina, and as a result the shift to modernization and an open economy is not being counterbalanced.

Arnaldo Bocco: Under democracy the Chileans switched from a concept of a free-market economy to a competitive economy. We are still stuck to the more "gurka" concept, so it is obvious that we are going to have problems with jobs and distribution for a very long time. Moreover, we cannot ignore Argentina's serious problems in the area of income distribution.

Miguel Broda: The economic debate has moved forward phenomenally in Argentina. A few years ago the debate was about statism, import substitution, and income redistribution; today we are talking about how to hone the free-market model and make it more competitive.

We have to be a bit more optimistic. I don't have the feeling that we have problems with relative prices that are a major obstacle to growth. Productivity and attracting foreign and domestic investment with a high level of savings are the genuine source of long-range growth.

Roberto Frenkel: But even if one wants to be optimistic, one is entitled to wonder whether we are now moving towards sustained growth or whether, once again, this will be a small, very modest "boom" that will be halted by a reversal in capital flows or that depends on Brazil's catching a cold.

Carlos Melconian: Businessmen don't care about debates over average GDP growth; they ask where things are headed. In the automobile industry, for example, even if they don't reach 50,000 cars a month, as in 1994, they care about getting to around 37,000 or 38,000 a month after the drubbing they took in 1995 with the falloff to 24,000.

[CLARIN] What is your analysis of tax policy and of the administration's attempts to get the construction industry moving?

Miguel Broda: In order to understand Cavallo's obsession with pump priming, by lowering taxes and stimulating construction, we have to realize that of the 6.7 billion overall increase in deposits since October 1995, only a small portion (1.1 billion) went to consumer credit for the private sector.

Carlos Melconian: The structural reform that has to do with lowering tax rates will have to be accompanied by the necessary financing. Regrettably, over the next few months we will be completely activity-dependent for an improvement in tax revenues.

Arnaldo Bocco: The problem that increasing the VAT from 13 to 21 percent in 1989 caused is horrendous; this was very bad for the market. The construction incentives will have an impact around year end.

Miguel Broda: Two days after the Mexican devaluation, I wrote an article saying "thank you, Mexico," the idea being that this was going to limit the sources of financing to keep boosting government spending, which doubled from 1991 to 1995. Today we have so much excess liquidity that we are in danger of returning to the 1991-94 policies of rising government spending.

Roberto Frenkel: The administration has been saying that we had to grow by boosting savings, investing, improving productivity, and exporting. And now we see it, somewhat pathetically, promoting consumption and noncommercial investment because it needs to revive the economy and the fiscal situation depends on a recovery; in other words, it is repeating the model from 1991 to 1994. Saving means not consuming; it is not fun. So, if consumption and noncommercial investment are being promoted, in construction for example, we are channeling spending away from the long-term objective.

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[Box, p 5]

Interview with Deputy Minister Juan Llach]

"We Are Going To Make up for the 4.4 Percent Drop in the GDP"

The 5 percent growth projected for this year will merely offset the 4.4 percent contraction that the economy posted in 1995 as a result of the tequila effect, Deputy Economy Minister Juan Llach said, also mentioning that one of the reasons for the recovery is that the rumors about Domingo Cavallo leaving his post have faded away.

Unlike most private-sector economists, Deputy Minister Llach thinks that the economic recovery will have a positive impact on job creation.

[CLARIN] Why do you think there will be a strong recovery in the second half?

[Llach] There has been a very important change in the confidence of both consumers and investors. The political situation has also been greatly clarified.

[CLARIN] Are you alluding to the fact that there are no longer any rumors about Cavallo's departure?

[Llach] To that and to the fact that there is much less conflict, in general, in the administration. This is a critical factor, which at the moment is operating in our favor.

[CLARIN] Will the recovery give us an economy as strong as the one before the tequila effect?

[Llach] In essence we are going to be making up for the decline.

[CLARIN] Will growth translate into more jobs?

[Llach] At first the recovery in employment is going to be slower but it will clearly accelerate in the second half. This stands to reason, because sales and output have fallen, and there is not going to be any hiring until they return to normal.

[CLARIN] In what sectors do you see the recovery as having begun?

[Llach] The recovery began in the materials sector, both those for industry and for agriculture, as well as in capital goods, and in April we began seeing the first signs in certain mass-consumption sectors like foodstuffs, beverages, and cigarettes.

Bolivia

Bolivia: Peru To Support UN Security Council Bid

PY3105025896 Madrid EFE in Spanish
0014 GMT 30 May 96

[FBIS Translated Text] Santa Cruz (Bolivia), 29 May (EFE) — Peruvian Foreign Minister Francisco Tudela confirmed this afternoon that Peru will support the Bolivian bid to become a non-permanent UN Security Council member for the 1997-1998 term.

Tudela made this announcement today before his Bolivian counterpart, Antonio Aranibar, after a long meeting in Santa Cruz de la Sierra, 851 km east of La Paz, to review bilateral cooperation and integration issues.

Peruvian support was specifically expressed in a joint communique signed by the Bolivian and Peruvian foreign ministers. In the communique, Tudela confirms Peru's support for Bolivia to occupy a seat as a non-permanent UN Security Council member.

The Peruvian Government decision was described by Aranibar as another sign of the close relationship the two countries have enhanced over the past few years. This close relationship not only involves economic, but also cultural points.

Tudela and Aranibar met in Santa Cruz after participating in the 15th Rio Group Foreign Ministers Meeting in the Bolivian city of Cochabamba. They reviewed the agreements achieved by Bolivian President Gonzalo Sanchez de Lozada and Peruvian President Alberto Fujimori on 24 May in Sucre.

Bolivia: Cooperation Accords Signed With Peru

PY3105030196 Madrid EFE in Spanish
0129 GMT 30 May 96

[FBIS Translated Text] Santa Cruz, 29 May (EFE) — In Santa Cruz today, Bolivian Foreign Minister Antonio Aranibar and Peruvian Foreign Minister Francisco Tudela signed cooperation accords that must be ratified by Bolivian President Gonzalo Sanchez de Lozada and Peruvian President Alberto Fujimori on 16 July in La Paz.

The accords involve a basic technical-scientific cooperation agreement between the two countries, the recovery of stolen or illegally exported cultural artifacts, the transfer of criminal sentences between Peru and Bolivia, and court cooperation on criminal matters.

Other notes on new proposals to be jointly implemented are also included in a joint communique signed by the two foreign ministers at the end of a long meeting.

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Among the 18 points included in the communique, the Peruvian minister emphasized point No 2, involving the establishment of a Binational Commission for Political Coordination, Cooperation, and Integration to establish common bilateral interests.

This commission involves the participation of the private sector, a proposal welcomed by Santa Cruz entrepreneurs who tonight participated in a special meeting with Aranibar and Tudela.

The Bolivian foreign minister emphasized Point 3 of the communique, involving a decision by the two ministers to establish a commission to design ways to establish a binational city between the towns of Desaguadero in Bolivia and Desaguadero in Peru. The communique emphasizes that this binational city could become a key export corridor to the ports of Ilo and Matarani.

The two foreign ministers underscored the growth and dynamics achieved in bilateral trade, following the implementation of the Free Trade Agreement.

The two foreign ministers also confirmed the significance of the trinational Peru-Bolivia-Paraguay corridor and the link with Brazil, within the framework of a multimodal corridors network project.

Bolivia: President Tightens Control of Chilean Border

PY3005161296 Cochabamba LOS TIEMPOS in Spanish 24 May 96 p A1

[Report from Fides News Agency, ANF]

[FBIS Translated Text] La Paz, 23 May (ANF) — It was officially reported that Bolivian President Gonzalo Sanchez de Lozada has instructed the Armed Forces commander to tighten control of the border with Chile, particularly in the area of the Silala River.

Defense Minister Jorge Otasevic Toledo explained that this tightening of military control of the border will mean the establishment of a military outpost in the area where "groundless reports" indicated that Chileans were invading Bolivian territory to use the waters of the Silala River.

Army Commander General Hernan Aguilera Bianchi stated that the budgetary and technical aspects of the order given by the president of the nation and captain general of the Armed Forces are being studied.

Commenting on Chilean Foreign Minister Jose Miguel Insulza's remarks to the effect that Chile would not accept any claims for compensation, the Bolivian defense minister said: "I do not believe that Chile will refuse to pay some kind of compensation for the waters of the abovementioned river."

Bolivia: Government Says Argentine Arms Deal Unsuccessful

PY3005143796 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 30 May 96

[FBIS Translated Text] Bolivia is investigating a multimillion deal involving Argentine arms. The Bolivian Government on 29 May categorically stated that the multi-million shipment of arms allegedly sold to Bolivia never arrived in the country, adding that an investigation is under way to find out what the Argentine military did with it.

The Bolivian Government officially reported that a Bolivian general who is on trial for another multimillion arms deal to European countries was involved in the deal, which apparently fell through.

The Bolivian Defense Ministry admitted that in 1990 the Bolivian Armed Forces signed an agreement with Argentina's Military Industries to purchase arms worth $51.6 million. This deal, however, never went through.

Bolivia: Army Captain Arrested in Drug Control Operation

PY3005162196 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 30 May 96

[FBIS Translated Excerpt] A military officer was arrested on 29 May in San Jose de Chiquitos, 130 km from the city of Santa Cruz, in the course of a drug enforcement operation. Minister of Government Carlos Sanchez Berzain reported that Army Captain Jose Torrico Zapata was carrying [figure indistinct] of pure cocaine hydrochloride. The captain was arrested together with two accomplices: civilian pilots Jose Castedo, Bolivian, and Jose Jaime Suarez Barba, Paraguayan. Sanchez Berzain said the operation was not easy at all because the traffickers resisted arrest, and a shoot-out ensued at the illegal landing strip where the drug enforcement operation took place. [recorded passage omitted]

The minister added that he has been in touch with the military high command and asked them to discharge Capt. Torrico Zapata at the request of the state prosecutor, because the Armed Forces have nothing to do with the problem.

[Buenos Aires TELAM in Spanish at 1355 GMT on 30 May reports, in a 100-word item, that the military officer who was arrested was caught with "306 kg of high-grade cocaine, which he allegedly was trying to smuggle into Brazil."]

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Bolivia: Business Opposes Expedited Talks With Mercosur

PY3005163696 La Paz LA RAZON in Spanish 23 May 96 p B3

[FBIS Translated Text] Jose Luis Camacho, chairman of the Bolivian Private Businessmen Confederation (CEPB), recommended against hurrying up or setting dates before giving the private sector and the government time to agree on the position that Bolivia should take in its negotiations with the Mercosur [Common Market of the South]

The Bolivian Government announced a few days ago that its negotiations with the Mercosur to establish a free trade zone with that subregional common market in 10 years might be wrapped up by 25 June.

Private sector and government experts have indicated that it is not likely negotiations will meet the government's initial deadline because several key issues will have to be analyzed, and this requires a longer time period than the remaining four weeks.

Camacho feels that one of these key issues is the list of sensitive products. He believes that "time is not an issue" as far as negotiating for a free trade zone with the Mercosur is concerned.

According to Camacho, setting deadlines before reaching an agreement on requirements with Bolivia's producers, the ones who will have to compete within the framework of the Mercosur, is not the right thing to do because signing an agreement inappropriate for the Bolivian market would be simply "posturing."

Camacho said: "The producers must be heard and the administration must take their suggestions and ideas into account in laying the foundation for the negotiations. The agreement must not benefit only certain producers because that would not be good business. Therefore, we are asking the administration to join efforts with the private sector."

Bolivia: Government To Combat Drug Money in Elections

PY3005164196 Cochabamba LOS TIEMPOS in Spanish 20 May 96 p A1

[FBIS Translated Text] La Paz, 19 May — The Bolivian Ministry of Government announced on 19 May that it has decided to start designing measures aimed at preventing "drug money" from being used to finance the parties' electoral campaigns for the 1997 elections.

The ministry explained that financial control and drug enforcement operations will be carried out shortly to find out if drug money is being used to finance political advertising and electoral campaigns.

"The government will do everything it is supposed to do. We will take the necessary precautions, and we are sure that drug traffickers will be effectively precluded from influencing the political campaigns that will be launched probably toward the end of the year," Minister of Government Carlos Sanchez Berzain said.

The minister urged "the political operators to be patient about joining the electoral race," which he feels will be very tight.

"When the time comes, the government will announce the measures it has taken. Let us wait until then," Sanchez Berzain said.

The political measures the minister of government was talking about seek to curtail any attempts that drug traffickers may make to influence the electoral campaigns of parties that intend to participate in the 1997 elections. The measures will try to stop money from doubtful sources from being used in the approaching electoral race.

Bolivia: Commentary Analyzes Representation Issue

PY3005204696 Cochabamba LOS TIEMPOS in Spanish 23 May 96 p A10

[Commentary: "The Will and Good Faith to Regulate Article 60"]

[FBIS Translated Text] Certain groups seek to force a useless controversy on the need to issue a law interpreting or regulating Article 60 of the Constitution. Article 60 says that the Chamber of Deputies comprises 130 deputies, half of whom are elected in uninominal circumscriptions and the other half in plurinominal departmental circumscriptions with tickets headed by presidential, vice presidential, and senatorial candidates.

Opposition parties insist on the need to discuss this issue in the next Special Congress, while ruling coalition parties say it is not necessary to speed up the consideration of a measure that might become controversial if a consensus is not found beforehand, particularly in the departments. This concern is based on the fact that some departmental civic committees demand more representatives while others will not admit a reduction of the number of deputies representing their regions. In any case, Article 60 of the Constitution specifies that the total number of deputies is 130 and this number cannot be modified.

The National Electoral Court demanded that the problem of regulating Article 60 be discussed in the next

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Special Congress because of the short time left to adequately prepare the distribution of circumscriptions since each seat represents a certain number of inhabitants. The court now admits, however, that the approval of the norm can wait until 31 August.

But suspicion is blinding some politicians and preventing them from seeing reality in its just dimension. The problem of the election of uninominal deputies and the correct application of what is established in the Constitution has convinced some distrustful people that there is a maneuver to allow current rulers to extend their mandates, despite insistent denials and clarifications. This is harmful, it confuses the population, and the situation it provokes is not healthy for the democratic system. Therefore, it is not convenient to maintain such erroneous interpretations.

Once and for all, it is time for political-partisan leaderships to carefully analyze what is needed to find agreeable ways to permit the timely approval of a norm that will allow a correct application of Article 60 of the Constitution. For that to be possible the rulers and the opposition must show goodwill and good faith.

It is everyone's duty to guarantee clean elections. All necessary instruments, including the reform of the Electoral Law and, if possible, the reform of the Political Parties Law must be ready for the June 1997 elections. Democracy has positively evolved in our country and there is no reason to interrupt that process.

Bolivia: News Summary for 28 May

96CA0177A (Internet) Bolivian Social Communications Ministry WWW in Spanish 28 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs [passage omitted]

Poll Shows El Alto Negative Toward President

According to 60 percent of El Alto's residents, Goni's presidency has been bad, but 40 percent feel that his administration has been either average or good. Few find any virtues in the president, and many consider him authoritarian. The educational reform and Popular Participation initiatives draw applause, while the privatization plan attracts criticism. In El Alto, almost nobody would vote for Sanchez de Lozada again. [passage omitted]

Political News [passage omitted]

President-Parties to Debate Article 60

Beginning this Thursday [30 May], President Gonzalo Sanchez de Lozada plans to begin a series of meetings with political parties which have seats in Parliament. The meetings are intended to consider the implementing regulations for Article 60 of the State Political Constitution. This announcement was made by Minister of the Presidency Guillermo Justiniano, who stated that the intention of the chief executive and of the government is to begin a process of working together in order to discuss the complex issue of the implementing regulations for Article 60. [passage omitted]

Differences Among U.S AID, Government, and Coca Growers

An official U.S. Embassy report has cast doubt upon the statistics concerning the area of Bolivia where coca is grown, statistics which the Secretariat for Social Protection had presented. The Ministry of Government, however, has stated that "there are no plans" for foreign planes to overfly the Bolivian skies of the "yungas," while the president of the Anti-Drug Commission of the Chamber of Deputies has said that the U.S. measure is legal. He also called for this data to be updated so that it may be known just how much coca there is in Bolivia.

In the meantime, political spokespersons have explained that for at least the past 20 years, "technical units of the United States have been measuring the area planted in coca in Bolivia by aerial photography."

The coca growers have declared a state of emergency and said that they do not believe the data provided by U.S. AID.

Brazil

Brazil: Companies in Cuba Said Not To Fear Retaliation

PY3005163396 Sao Paulo AGENCIA ESTADO in Portuguese 2313 GMT 29 May 96

[Report by Chico Otavio]

[FBIS Translated Text] Rio de Janeiro, 29 May (AE) — The managers of Brazilian companies that maintain businesses with Cuba do not believe that they will suffer retaliation from the U.S. Government. At least three of them — Souza Cruz, Tintas Renner, and Andrade Gutierrez — which are included on a list released by the National American-Cuban Foundation, allege that there is no official position from the United States on

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the subject. "The news, for the time being, is only unofficial," said Souza Cruz Communications Manager Walter Brunner.

The National American-Cuban Foundation warned that the companies included on the list would be subject to the effects of the Helms- Burton Law, which envisions punishment from the U.S. Government for companies that do business with Cuba. The Helms-Burton Law envisions sanctions against foreign companies doing business with Cuban companies that operate on property confiscated from U.S. citizens in Cuba.

The boycott imposed on the Fidel Castro regime became worse after two airplanes piloted by anti-Castro Cubans were downed in Cuban airspace in February. Beside Souza Cruz, Tintas Renner, and Andrade Gutierrez, the list includes Petrobras [Brazilian Petroleum Corporation], Furnas [Furnas Electric Power Plants, Inc.], and the little-known company Coco Heavy Equipment Factory.

Tintas Renner Communications Adviser Zordai Prati confirmed that the company sells its products to the Castro regime, but he stressed that there is no direct commercial relationship with the Cuban Government. "To tell the truth, our client is a Brazilian exporting firm called Supply in Bond, which sells very well there and pays on time," he said. For Zordai, who does not fear retaliation against the Renner managers, the process of carrying out sales to Cuba is "absolutely normal."

Walter Brunner, from Souza Cruz, confirmed that the company is building a cigar factory in Havana that should be ready this year. He admitted that Souza Cruz' commercial partner is the Cuban Government. "I hope that will not affect us," he said. According to him, the news of possible retaliation is unofficial and does not come from the U.S. Government. "As long as it continues like this, we will not adopt an official position, because it is only a possibility."

Andrade Gutierrez Perfuracao, which is a subsidiary of Andrade Gutierrez, also had business with the Castro regime. Communications Director Ultimo de Campos said that Andrade Gutierrez rented one of its oil platforms to a British company called Stainton, which was prospecting for oil on the Cuban coast. "But the rental contract ended and the platform is in Venezuela," the manager said. He says that the company mangers do not fear retaliation because they already left Cuba. "We are no longer the center of attention."

When asked about the subject, Petrobras and Furnas did not want to make any statement.

Brazil: Cardoso Deems Visit to France 'Very Successful'

PY3105031996 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 May 96

[FBIS Translated Text] President Fernando Henrique Cardoso made a positive evaluation of his visit to France.

[Begin Cardoso recording] I believe it was a very successful visit. Why? Because President Chirac had the clear intention of establishing very direct relations with Brazil. Direct relations in the international plan, we talked a lot about that and about the strategic vision France and Brazil have of what will happen in the future; as well as special relations in the economic area — and there are two sides to that because we want French investments and they are also willing to invest in Brazil. There is another aspect of that also, and I have mentioned this aspect many times: the opening of markets for us. [end recording]

Cardoso also commented on the French Government's interest in seeing the Common Market of the South [Mercosur] and the EU reach an agreement:

[Begin Cardoso recording] There is a very clear understanding in France that relations between Mercosur and the EU must be established the soonest possible. This is good for both sides: It is good for Mercosur and for the EU. We are all thinking in terms of the next century. Foreign policy is not only meant for everyday events, it must be seen from a strategic viewpoint. [end recording]

Cardoso added that France recognizes that Brazil is an active protagonist of the new world that is shaping up:

[Begin Cardoso recording] I would say that from the moment President Chirac delivered his speech at the Elysee Palace, we could realize that Brazil is already part of the new world that is shaping up and that we are an active protagonist in this new world. The way President Chirac referred to Brazil was something that moved all of us who were attending the ceremony. [end recording]

During his visit to Lyon, the president of the Republic met a group of Brazilians. He told them that he had sent to Congress a bill establishing that human rights violations be tried by federal courts, in order to put an end to impunity in Brazil.

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Brazil: Cardoso Transfers Intelligence Agency to Military

PY3005174296 Rio de Janeiro O GLOBO in Portuguese 29 May 96 p 9

[FBIS Translated Text] On 28 May, President Fernando Henrique Cardoso transferred the federal administration intelligence area to the Military Household, which now has the 642 positions linked to the intelligence area that were previously under the Strategic Affairs Secretariat. As a result, the intelligence service goes into operation before the bill that creates the Brazilian Intelligence Agency reaches Congress.

Brazil: Government Defeated on Social Security Issue

PY3105004996 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 30 May 96

[FBIS Translated Text] The administration today sustained another defeat in a separate vote on an issue pertaining to the social security reform bill at the Chamber of Deputies. In today's separate vote, the Chamber of Deputies approved a bill making professors of private universities eligible for a special retirement system. The issue will now be debated at the Senate.

Brazil: President's Spokesman on State Party Coalitions

PY3005143696 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 May 96

[Report by Cristina Indio do Brasil in Rio de Janeiro]

[FBIS Translated Text] Planalto Palace is not worried about the coalition of parties in the states. The federal administration guarantees that its support base in Congress will not be affected by such coalitions.

Presidential spokesman Sergio Amaral denied that the government support base in Congress will be affected by the lack of coalition among the parties that allied to elect President Fernando Henrique Cardoso. Amaral said it is normal for party coalitions in some municipalities to be different on account of the many parties that form the government base.

[Begin Amaral recording] The government has a broad support base in Congress. I think that it is not reasonable to expect that this same support base, which involves five or six parties, be repeated in each municipality. [end recording]

Ambassador Amaral added that the important issue is that the parties reasserted their support for President Cardoso at a federal level.

Brazil: CEF Finances State Governments' Fiscal Deficits

PY3105004796 Sao Paulo GAZETA MERCANTIL in Portuguese 23 May 96 p B1

[Article by Ivanir Jose Bortot in Brasilia]

[FBIS Translated Text] The Federal Savings Bank [CEF] has become the federal administration's main instrument to force state administrations to reduce their fiscal deficits. The allocation of CEF resources, with favorable interest rates, has been contributing to improve the profile of the state administrations' payments on their debts and to reduce their cost.

In only four months, the CEF allocated 1.798 billion reals [R] to a group of 15 states. The monthly interest charged on these allocations started at 2.95 percent and stands nowadays at 2.29 percent. The interest rates are reestablished every three months in accordance with the cost the CEF must pay for attracting investment. In the last three months, the CEF's average cost to attract capital stood at 1.8 percent, plus a 0.5-percent spread [preceding word in English].

CEF Commercial Director Valdery Frota Albuquerque said: "Preliminary estimates indicate that this year the state administrations will save R540 million in interest." Resources are being allocated in conditions that are favorable to the state administrations in exchange for the strict requirements the National Treasury has established.

"The first requirement is that the state administration adhere to the Camata Law, which forbids the administrations to spend more than 65 percent of the state's net revenue with the salaries of public employees," Albuquerque said. The state administrations must also privatize their enterprises that are in deficit, implement programs for dismissal of their public employees, and make efforts to increase tax collection.

The results of the CEF program aimed at helping the state administrations are beginning to appear. The states' nominal deficit dropped from 3.5 percent of the GDP in January, to 3.27 percent of the GDP in February, and to 2.53 percent of the GDP in March. At the end of last year, the National Monetary Council approved a program for state administrations' renegotiation of debts with personnel as well as banking debts. The state administrations now have 36 months to pay these debts, as a long as the December 1999 deadline is respected as the latest date for paying up the credit.

The financing will be granted through three credit lines, as long as the state administrations do not compromise more than 5 percent of their net revenue in these

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operations. The credit lines are as follows: "line one" has allowed full financing of any debt of the public area that becomes due before 30 November 1995; "line two" allows the state administrations to obtain resources with the exclusive objective of implementing programs for voluntary dismissal of their direct employees or of their state-owned enterprises' employees; "line three" makes it possible to transform all Budget Revenue Advances [ARO] into funded debts with a 36-month payment term.

On the one hand, the National Treasury is endorsing the financing the CEF is granting. On the other hand, the state administrations are giving their FPE [States Participation Fund] revenue as a guarantee for the resources obtained. "So far, the state administrations' insolvency has been zero," Albuquerque said. As a matter of fact, CEF data indicate that, from January to April, the states paid R175.9 million in interest and amortization of the principal on the loans obtained.

Rio Grande do Sul State has requested the three CEF financing lines. As a result, the state obtained R344.6 million for the voluntary dismissal program, the sale of state-owned companies, and rescheduling of the old ARO lines. Minas Gerais State has obtained R327.6 million from the three financing lines.

"The Rio Grande do Sul administration has obtained a good fiscal result with the dismissal of 14,000 public employees," Albuquerque said. He has reported that the CEF is engaged in making partnerships with the different states in order to improve their fiscal revenue.

The program contemplates the exchange of every R50 in receipts for a "Scratch" [raspadinha] lottery ticket in any store that sells them. The winning "Scratch" ticket can grant its owner prizes ranging from home appliances to cars worth R25,000 each. "All that has to be done is to discuss with each state governor what prizes can be given," Albuquerque said.

The federal administration wants to convince the states to adopt an increasing number of administrative measures to improve tax collection and reduce expenditures. The CEF, which is an institution controlled by Finance Minister Pedro Malan, is being used as an instrument to create a "fiscal culture" in the states.

Brazil: PT Candidate Leading in Porto Alegre Race

96SM0320B Sao Paulo ISTOE in Portuguese
29 May 96

[Article by Andre Jockyman: "Fighting From a Distance" — received via Internet]

[FBIS Translated Text] *Raul Pont of the PT [Workers Party] is ahead in the Porto Alegre election polls, but opponents are gambling on the second round.*

Electoral mathematics in Porto Alegre are serving more to confuse than to enlighten observers of the mayoral campaign that will end in October. According to the most recent figures—published on Monday the 20th by Vox Populi—the PT candidate, Deputy Mayor Raul Pont, could already be celebrating. After all, he racked up 44 percent of the potential vote, whereas all the other potential candidates combined received only 43 percent. His favored status is growing now that the PT has solved its internal problems thanks to last week's nomination of Federal Deputy Jose Fortunati to run for deputy mayor, whereas the alliance of several parties being dreamed of by Governor Antonio Britto (PMDB [Brazilian Democratic Movement Party]) has less and less chance of becoming a reality. Even so, however, the election picture conceals many traps. "Instead of celebrating the poll results, I prefer to send the party into the streets immediately, travel around the city, and verify the vote on a person-to-person basis," says a cautious Raul Pont.

It is easy to understand the caution displayed by the city's current deputy mayor. Despite his lead, the projections indicate that there will be a second round of balloting. If there is, and despite the foundering of the alliance attempted by Governor Britto, at least two potential candidates have a chance of uniting the PT's opposition: journalist and State Deputy Maria do Carmo Bueno (PPB [Brazilian People's Party]) and former Minister and Federal Deputy Yeda Crusius (PSDB [Brazilian Social Democracy Party]). The former decided to participate in the contest last week after garnering 9 percent in the Vox Populi poll. "I spent all my time saying I did not want to run, but despite that, the population remembered me," Maria do Carmo commented. "Now I am at the party's disposal." Known in the city for her participation on the television program "Lunch Journal" and a champion in terms of local audience—something that got her elected to her current term as state deputy with the second-highest number of votes in the state (209,833 votes), Maria do Carmo is banking on her charisma to take her to the second round and make her Pont's only opponent at that stage.

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A similar strategy is part of the plans made by former Minister of Planning Yeda Crusius. "The PSDB does not need to join a front to do well at the ballot box," she says. "We must show our own face." Yeda also received 9 percent of the potential vote in the latest opinion poll, but she has not yet decided to run. She is waiting for a decision by the PMDB, which may choose between Deputies Paulo Odono and Mendes Ribeiro or decide in favor of a coalition with the PSDB, as Yeda hopes. "We are brother parties," the former minister likes to say. Britto, who has the final word, is giving no clue as to his intentions.

A third candidate who also has 9 percent of the potential vote is gambling on the "Emilia Fernandes effect" to reach the second round. He is Valdir Fraga of the PTB [Brazilian Labor Party], and he is supported by radio broadcaster and State Deputy Sergio Zambiasi, a well-known votegetter in Rio Grande do Sul's capital. They both believe that like the current Senator Emilia Fernandes, who surprised all the favorites in 1994 by winning a seat in the Senate despite having been left behind in the polls, Fraga may throw the election off balance. "I like to be considered a 'dark horse,'" the candidate comments. "The others fight among themselves, and I come running up from outside."

The messages by the opponents of Pont, who, if he wins, will be the state capital's third consecutive PT mayor, are similar. To win a spot in a probable second round, they are going to hammer on the congestion that has plagued Porto Alegre and on the lack of a policy for low-cost housing. In his favor, Pont will point to the fact that he has been deputy mayor in an administration that enjoys popular approval in the polls. He acknowledges, however, that he will have trouble maintaining his current 43 [as published] percent of the potential vote as measured by the Vox Populi poll. After all, eight years ago the then candidate Olivio Dutra, who enjoyed great prestige in Porto Alegre, received about 38 percent of the vote in the first round of balloting. Later the current mayor, Tarso Genro, received 33 percent of the vote in the first round. If he repeats the performance by his fellow party members, the second round is guaranteed, with Pont facing an opponent who has not yet managed to stand out in the group vying for second place.

Brazil: CTA Head Announces Production of First VLS

96SM0320C Sao Paulo ISTOE in Portuguese 29 May 96

[Article by Helio Contreiras: "Final Countdown" — received via Internet]

[FBIS Translated Text] *Without foreign help, our country is producing its own Satellite Launch Vehicle and competing in the international marketplace.*

Just when the telecommunications sector is being opened up to domestic and foreign firms, Brazil is getting its passport stamped for entry into the "space club." Our country will literally share space with Russia, Ukraine, the United States, China, the European Union, Japan, Israel, and India. On Wednesday the 22d, Air Force General Reginaldo Santos, director of the Aerospace Technical Center (CTA) in Sao Jose dos Campos, announced to ISTOE exclusively that production of the Brazilian Satellite Launch Vehicle (VLS) was underway. That had been the only thing the country needed to be able to place satellites in orbit for various purposes, examples being remote sensing and communications. Domestic satellites are currently limited to gathering earth data needed for monitoring the environment. "We will have a way to provide support for the telecommunications system and even subscription TV," Gen. Santos says. "With our VLS, we will be capable of selling transmission services." For Brazil, production of the Satellite Launch Vehicle represents an undeniable technological victory as well as a tremendous economic gain. According to Gen. Santos, our country developed the satellite launcher by its own efforts, unlike the United States and Russia, which received technical help from Germany. "This is an important victory and a fundamental one for communications," says Air Force General Hugo Paiva, considered the "father of the Brazilian space program." He points out that over the past 20 years, the United States and other nations in the First World have been putting up "obstacles" to prevent Brazil from having access to VLS technology. "That lack of help was not politically motivated," Gen. Santos explains. "What was at stake were interests in the international market." In order for Brazil to launch its first satellite in 1993, it was necessary to spend $13 million to use an old U.S. B-52. "We have wasted time and spent more money because of the difficulties. On the other hand, we have made important technological gains," says Air Force Chief of Staff General Sergio Ferolla. Beginning next year, when the Brazilian VLS will be completed, that kind of expenditure will no longer be necessary. Our country intends to launch a second satellite before

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the end of this year to protect the Amazon Region and detect the occurrence of land clearing by burning in northern Brazil. The National Institute of Space Research (INPE) will call for international bids in connection with that launch.

The Ministry of Aeronautics expects, however, that once the VLS is in operation, Brazil will not only be spared the need to pay others to launch its satellites, but it will also compete in that market under favorable conditions. And in fact, there are reasons for its optimism. The Alcantara Space Center in Maranhao is close to the equator, making it easier to control a satellite's entry into orbit. That strategic location also makes possible a 25-percent savings in fuel between the ground and space. Only one other place on the planet enjoys the same geographic conditions, and that is Kourou in French Guiana. According to Gen. Santos, Russia, China, Germany, and the United States have already expressed an interest in launching satellites from Alcantara. Minister of Science and Technology Jose Israel Vargas also has plans to launch a large Chinese-Brazilian satellite from China in 1997. It is good that those negotiations are progressing, because Brazil has invested $20 million per year in its space program since 1979, not to mention the cost of building the Alcantara Center.

Brazil: Causes of Welfare Reform Bill's Defeat Seen

96SM0320A Sao Paulo ISTOE in Portuguese
29 May 96

[Article by Andrei Meireles and Sonia Filgueiras, followed by interviews with Deputies Luiz Gonzaga Mota, Sandra Starling, Roberto Magalhaes, Arnaldo Faria de Sa, Jandira Feghali, and Simao Sessim: "The Villains of the Real" — received via Internet]

[FBIS Translated Text] *Putting personal interests foremost, deputies are breaking the backbone of social security reform, insisting on bargaining with votes, and threatening the future of the economic stabilization plan.*

Early in the afternoon on Tuesday the 22d [as published]—the eve of the date scheduled for the vote in the Chamber of Deputies on the administration's bill establishing social security reforms—President Fernando Henrique Cardoso [FHC] began hearing bad news at Planalto Palace. With him were Minister of Political Coordination Luiz Carlos Santos (PMDB [Brazilian Democratic Movement Party], Sao Paulo), government leader Benito Gama (PFL [Liberal Front Party], Bahia), and PFL leader Inocencio de Oliveira (Pernambuco). The three were relating to the president the demands being made by some federal deputies in exchange for their votes in favor of the administration's constitutional amendment. The president did not like what he heard and decided to stop one more round of the famous "you scratch my back and I'll scratch yours." "I will no longer accept that kind of bargaining," said an irritated FHC with special reference to two demands. The first was from Deputy Paulo Lima (PFL, Sao Paulo), who had sent word that he would support the administration's social security amendment in exchange for a favor. He wanted the president to halt the Federal Revenue Office's audit of Western Sao Paulo University in Presidente Prudente, Sao Paulo, which is owned by his father, former Mayor Agripino Lima. The other, similar to the first, came from Deputy Celia Mendes (PFL, Ceara), who was also willing to help the administration with her vote provided that the Federal Revenue Office's auditors stayed away from the books of Mendes Carlos, the construction firm owned by her husband, Narciso Mendes. Bearing the president's "cease and desist" order, leader Inocencio de Oliveira returned to his office and conveyed the message: "Nobody gets anything more." On the following day, the pro-government rank and file seemed like jelly, and in three successive votes, the administration was defeated: fundamental points in its social security reform were rejected.

So again in this case, venality caused one more defeat for society. Even among the congressmen who helped retain the privileges of government employees and early retirement for university professors, there was no reason for pride. "This is a victory that I am ashamed to celebrate," confessed Deputy Jose Genoino (PT [Workers Party], Sao Paulo). "The result was bad not only for the administration but also for the country," complained President Fernando Henrique. Assigned by FHC to explain to the public the effects of the defeat in the Chamber of Deputies, Minister of Finance Pedro Malan took over the national television network on Friday night and described the rebel votes as being cast by congressmen in pursuit of "minor personal advantages and venal ends."

The fact that the Chamber of Deputies broke the backbone of social security reform—a constitutional amendment that has been dragging its way through the Chamber for over a year—has more than one negative aspect. To foreign investors, it signals the progress within our country of a permanent rebellion by congressmen against Fernando Henrique's plans. Domestically, in the medium term, it will harm the public coffers. Rejection of the special item establishing 55 years as the minimum age for retirement by government employees (50 years for women) will by itself cost the National Treasury no less than 5.3 billion reals over the next five years. The calculation is a simple one. During that period, about 17,000 government employees will be entitled to retire

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based on time in service with all benefits such as special leave counting double, at full pay, and at an average age of 45 years. But the PFL leader in the Chamber of Deputies, Inocencio de Oliveira, reveals much more alarming figures. According to him, 337,000 employees in the Union's direct administration will be entitled to retire over the next two years. That would cause the Union's annual payroll for inactive employees to jump from 16 billion to 28 billion reals. All told, one can see from the resulting damage on both the internal and the external front that what has really been threatened is the Real Plan itself. "We sent a very bad signal, mainly to foreign investors, because the success of the economic plan depends on the expectation that there will in fact be a reform of the state," says Minister of Environment Gustavo Krause. And he adds: "As far as the real is concerned, the political anchor is just as important as the foreign exchange anchor." "The decisions by Congress were deplorable—a cold shower for the country's economy," believes Jose Roberto Mendonca, secretary of economic policy in the Ministry of Finance. The negative impact of this rejection of social security reform is even greater because, of the three constitutional amendments sent to Congress for changing the archaic structure of the Brazilian state, it is the first to be voted on. Waiting in line behind it are the administrative and tax reforms. It is no longer certain that the administration's plan is going to work. "The vote on Wednesday showed that Congress has gone back to the old days of venality," says former Minister of Finance Mailson da Nobrega.

The administration has decided to try to reverse its defeat in the Senate. But even if it manages to salvage the bill with the help of the senators, the timetable for passage of the constitutional amendments in the Chamber of Deputies as laid down by Planalto Palace is already irreversibly compromised. According to the palace's timetable, the social security and administrative reforms were to be passed in July.

For various reasons, what we saw in the Chamber's full session on Wednesday the 22d was an alliance between the corporatist Left, mayoral candidates, and congressmen disposed to extract personal favors from the administration. The decision by the mayoral candidates to support the continuation of privileges for government employees was influenced more by their fear of the "corporatist patrol" than by the social security figures, which are expected to show a deficit of 2.7 billion reals at the end of this year. Government employee groups are sponsoring demonstrations and putting up billboards all over the country denouncing anyone in Congress who dares oppose their special privileges. "I am not going to provide ammunition for my opponents and endanger my victory," was how PSDB [Brazilian Social Democracy Party] Deputy Simao Sessim (Rio de Janeiro), who is running for mayor of Nilopolis, explained his vote against the reform. In-laws are family when it comes to preventing a loss of votes. That was the case with Deputy Betinho Rosado (PFL, Rio Grande do Norte). Even though it was a plenary session, fear of harming the campaign by his sister-in-law Rosalba Rosado, who is running for mayor of Mossoro, kept him from voting against the special privileges.

Even though rejecting the "you scratch my back and I'll scratch yours" approach, Fernando Henrique authorized Luiz Carlos Santos to pay off a few old debts in an attempt to get the reform approved. Examples were pending appointments at the Federal Railroad Network [RFF]. On 20 March, the president authorized Deputy Newton Cardoso (PMDB [Brazilian Democratic Movement Party], Minas Gerais) to promise the RFF's superintendencies in Minas Gerais and Parana in exchange for pro-government votes. But the RFF's president, Isaac Popoutchi, refused until the start of last week to complete the deal and make the appointments. Luiz Carlos Santos ended the resistance with an ultimatum. "Either you sign the appointments or one of us is going to leave the administration," he threatened. But none of that was sufficient.

For example, if it had depended upon the mood in the PMDB bloc from Piaui the day after the vote, the result for Planalto Palace would have been even worse. Piaui Governor Francisco de Assis de Moraes Sousa (the "Holy Hand") received bad news via telephone that morning at the governor's palace in Teresina. The party he had planned for celebrating the signing of an agreement with the Federal Savings Bank (CEF) to release funds for basic sanitation projects would have to be postponed for the second time. On Thursday the 15th, CEF president Sergio Cutolo had telephoned to announce that he would not be in Piaui the next day because Minister of Planning Jose Serra, who had never visited the state, insisted on going there to participate in the ceremony. Then, involved in negotiations surrounding his possible candidacy for mayor of Sao Paulo, Serra canceled the trip, inciting the PMDB to revolt. "If I had known that earlier, I would have voted against the administration on the social security amendment," said a devastated Deputy Joao Henrique (PMDB, Piaui). Serra denies being inconsiderate and claims that the only reason he did not go was because the state government had not prepared the documents for the agreement.

Unlike Henrique, Deputy Julio Cesar (PFL, Piaui) did not miss the opportunity to express his displeasure with the administration. The administration promised him six months ago that one of his proteges would be appointed

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representative of the Rio Sao Francisco Valley Hydroelectric Company (Chesf) in Guadalupe, Piaui, Cesar's chief electoral base. Since the appointment never came, Cesar abstained from the vote on social security. Also tired of waiting for good news in the DIARIO OFICIAL, Deputy Olavo Calheiros (PMDB, Alagoas) chose to absent himself from the voting. With the support of the PMDB bloc from his state, he had been waiting for months for a political protege to be appointed to the office of the National Indian Foundation (Funai). "I am dismayed. They have shelved appointments of people who are even qualified to be ministers," Luiz Carlos Santos told PMDB congressmen on the night of Wednesday the 22d. "The president is unreliable. He promises jobs but does not give them. When he does give them, he changes his mind and takes powers away from those excluded. So it is better not to give them," complains Deputy Valdemar Costa Neto (Sao Paulo), leader of the PL [Liberal Party] in the Chamber of Deputies. He instructed the nine members of his bloc to vote against the administration's bill to change social security.

Worse than the displays of demagoguery and the shameless practice of venality is the fact that the stability of the Real Plan is being jeopardized. Without the fiscal adjustment that is now on the skids in Congress, the real will continue to be supported only by the foreign exchange policy, with suffocating interest rates penalizing the productive sector and making the country's unemployment problem worse. Because of the high cost of obtaining a three-fifths majority and his inclination to accept no more political extortion, Fernando Henrique will seek to promote changes through ordinary legislation, which does not require the same quorum as constitutional reforms. He intends, by that means, to free himself of the "dictatorship" of the three-fifths rule and to govern at a price which, it is hoped, will be easier on the taxpayers.

Luiz Gonzaga Mota (PMDB)

[ISTOE] Why didn't you vote on Wednesday?

[Mota] I was in Mexico being sworn in as vice president of the Latin America Economic Commission.

[ISTOE] If you had been present, would you have voted for social security reform?

[Mota] No. We should vote on tax reform first.

[ISTOE] Does voting in favor cost votes?

[Mota] No. I am comfortable saying that. I'm not running for mayor.

Sandra Starling (PT)

[ISTOE] Why did you vote against social security reform?

[Starling] That is the PT's position. We have an alternative for reform that provides the same treatment for everyone in a single system.

[ISTOE] You voted against abolishing special retirement for professors, but you are a professor. Isn't that a case of conflict of interest?

[Starling] I voted against it because that was my party's position. Despite that, I am not convinced that the privilege in question is justifiable.

Roberto Magalhaes (PFL)

[ISTOE] Why did you abstain from voting to abolish special retirement for professors?

[Magalhaes] I am a retired professor from the Pernambuco Federal University, and I did not feel morally justified in taking away from others something that I already had.

[ISTOE] You are a candidate for mayor of Recife. Does voting for that amendment cost a candidate votes?

[Magalhaes] I am not concerned about that. The people are in favor of what is right. They know who is acting for their benefit.

Arnaldo Faria de Sa (PPB [Brazilian People's Party])

[ISTOE] Did you betray the administration on the social security reform issue?

[Faria de Sa] I notified Ministers Luiz Carlos Santos and Francisco Dornelles that I would vote against social security reform.

[ISTOE] The comment in the administration is that you would have changed your vote if your protege had been appointed to the Regional Labor Board in Sao Paulo. Is that true?

[Faria de Sa] I repeat: as far as I am concerned, social security is not negotiable. I would have voted in favor only if the administration had agreed to reappraise all pensions within two years. It did not agree to do so.

Jandira Feghali (PCdoB [Communist Party of Brazil])

[ISTOE] Why did you vote against the fund guaranteeing a floor of 300 reals for professors?

[Jandira] The fund was included in a bill eliminating free education and taking away university autonomy.

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Moreover, it would have penalized the municipalities that invest the most in education.

[ISTOE] The defeat of social security reform maintains privileges. Are you in favor of them?

[Jandira] That reform does not eliminate privileges. It is necessary first to audit the accounts, close the holes, and then correct the distortions.

Simao Sessim (PSDB)

[ISTOE] You are running for mayor of Nilopolis. Would you have lost votes if you had voted with the administration?

[Sessim] I voted against the administration as a matter of consistency. I worked on behalf of pensioners' rights in the Constituent Assembly, and I have voted against social security reform from the start. There was no bargaining.

[ISTOE] What you call rights the administration calls privileges.

[Sessim] They are acquired rights, not privileges, chiefly in the case of the professors.

Brazil: Sao Paulo Mayor Comments on Serra's Mayoral Bid

PY3005174496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 May 96 p A6

[Telephone interview with Sao Paulo Mayor Paulo Maluf, leader of the Progressive Party, from his office in Sao Paulo by Ricardo Amaral; date not given]

[FBIS Translated Excerpt] [Amaral] What is your opinion about Planning Minister Jose Serra's decision to enter the Sao Paulo mayoral race?

[Maluf] It is not in my nature to either attack or praise any adversary. I leave that role to voters. Serra is a good politician and his candidacy will make the dispute more worthwhile. Yet, our candidate — Celso Pitta — is rapidly moving ahead in light of the achievements we have made and of his being associated with me. He is a nice, tall, athletic man. He stands out from the other candidates because he did post-graduate work in the United States and Great Britain. In recent campaign motorcades I have noticed that 50 percent of the people are already inclined to support him. [passage omitted]

[Amaral] It is believed in Brasilia that Serra's candidacy is designed "to break the backbone" of Paulo Maluf. Is that right?

[Maluf] That cannot be the objective. I cannot believe that. I have a minister in the administration and hold President Fernando Henrique Cardoso — who is an honest, decent man — in high esteem. Every time he needed me, I left my mayoral duties and went to help him in important congressional votes. I was slandered through press reports contending that I had engineered votes against the administration on the social security bill. That is a lie: I went to Brasilia that Wednesday to confer with PFL [Liberal Front Party] friends.

[Amaral] The above speculation stems from the belief that you will be a presidential candidate in 1998. Will you be a candidate?

[Maluf] No. In Brazil, no one can make plans for the next 24 hours, let alone for 1998. [passage omitted]

[Amaral] Are you sure about the Sao Paulo PFL's support for Pitta's candidacy? Isn't there any chance for the PFL to withdraw its support?

[Maluf] Look at the remarks made in Paris by Senator Antonio Carlos Magalhaes [PFL-Bahia]. He said the national PFL leaders will respect the Sao Paulo PFL's decision. [passage omitted]

[Amaral] Have you promised financial support to PFL mayoral candidates in the interior of Sao Paulo in exchange for the PFL-PPB [PFL-Brazilian Progressive Party] coalition in the city of Sao Paulo?

[Maluf] That is a lie. The PFL official communique on the subject sets the record straight. I do not approach politics as a trade deal. It should also be noted that the PDS [Democratic Social Party], PFL, PTB [Brazilian Labor Party], and PL [Liberal Party] had branched out of the old Arena [National Renewal Alliance]. In Sao Paulo, these forces have been forming a coalition every four years, and this is what is happening again at present.

[Amaral] Yet, this is what members of the PSDB [Brazilian Social Democracy Party] command and sources close to the president of the Republic are saying.

[Maluf] I do not believe that, but if it were true, their reaction would just strengthen my position. I take pride in being the only elected Brazilian official who, in the past three and a half years, has not been involved in any scandal and who has not faced any strike. Here, they would first challenge me and then they would backtrack. Our employees are well paid, but they have to work. [passage omitted]

[Amaral] Will your confrontation with the PSDB be restricted to Sao Paulo, or could it extend nationwide?

[Maluf] It is not going to go beyond Sao Paulo. I repeat that I hold the president of the Republic in high esteem. Yet, if the president of the Republic and the state governor desperately join forces against me, as you are suggesting, that would just show that my electoral clout is quite high.

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Chile

Chile: Government Again Repudiates Helms-Burton Law

PY3005143496 Madrid EFE in Spanish 0019 GMT 30 May 96

[FBIS Translated Text] Santiago, 29 May (EFE) — The Chilean Government reiterated today its repudiation of the Helms-Burton Law approved by the U.S. Government to punish those who invest in Cuba. It also pointed out that measures extraterritorial in scope are improper within the framework of the international system.

This comment was made by Foreign Ministry Under Secretary Mariano Fernandez, who said that the administration of Eduardo Frei supports the repudiation of this measure expressed by the members of the Rio Group, which concluded its meeting in Cochabamba, Bolivia, on 28 May.

Fernandez also said that the Chilean Government rejects the tightening of the embargo against Cuba, not only because it may affect Chilean companies, but "because unilateral measures that are extraterritorial in scope" are improper. Fernandez explained that such an economic measure as the Helms-Burton Law "would have been quite different" if applied or implemented through regular UN organizations. He also said this type of law creates "an extremely dangerous precedent for any country" because it is a violation of the Marraquesh agreements on the new WTO.

According to reports disclosed in Santiago, the Helms-Burton Law could affect seven Chilean investors who work and have businesses in Cuba.

Chile: Defense Minister Signs Agreement in France

PY3105025796 Santiago EL MERCURIO in Spanish 30 May 96 p C4

[FBIS Translated Excerpt] Chilean Defense Minister Edmundo Perez Yoma and his French counterpart Charles Millon signed a bilateral military cooperation agreement in Paris on 29 May.

The agreement includes the creation of a system of consultation and the implementation of greater professional exchange between the two ministries.

This agreement is the first signed at the ministerial level after the end of the French nuclear tests in the South Pacific, that led to a strong Chilean diplomatic protest.

Perez Yoma concluded yesterday the second day of his official visit to France, within the framework of a European tour that will also include Great Britain with the purpose of strengthening bilateral relations in all sectors.

Perez Yoma's delegation include War Under Secretary Jorge Burgos; Carabineros Under Secretary Luciano Fouillioux; National Defense Staff Chief General Raul Tapia Esdale; Army Deputy Commander General Guillermo Garin; Chamber of Deputies Defense Committee President Ignacio Walker; Navy Personnel Director Vice Admiral Sergio Jarpa; and Carabineros Personnel Chief General Cristian Fuenzalida. [passage omitted]

Chile: Editorial on Possible Effects of Joining Mercosur

PY3005192696 Santiago EL MERCURIO in Spanish 29 May 96 p A3

[Editorial: "Agreement With Mercosur"]

[FBIS Translated Text] Negotiations with Mercosur [Common Market of the South] have not yet ended but are at an advanced stage, sufficient to make a judgement on the content and probable effect on Chile's economic, social, and political development.

It is well known that we decided to seek association with the group of nations that comprise Mercosur, but not as a full member. Strong reasons, most of which derive from differences prevailing with those countries' economies, and from different development policies and strategies, led to the choice of association.

Circumstances in the future could change the situation, but for the time being this Chilean decision seems to be the most adequate. Being part of Mercosur as a full member could imply forcing member countries to accelerate institutional changes and modifications to their economic policies, or force Chile to take backward steps to harmonize with the organization. None of these seemed possible, especially if this rapprochement means leaving the road each country has outlined to achieve the development goal.

Recalling the difficulties Chile encountered with Decision 24 of the Andean Pact, which finally forced the Chilean withdrawal from that pact in the 1970's, surely the officials decided this time to remain with the hands sufficiently free and not assume very difficult commitments like those needed to create a common market.

Joining an association that deals with customs matters — even after experiencing some difficulties over the past few days — is possible and is part of our strategy of open development which we have followed for more than 20 years. Looking at Mercosur today, we can see it is no more than an imperfect customs association. We must wait at least five years before we can say that trade develops free of taxes and barriers among its members.

As almost the entire country agrees with the signing of this agreement — which will allow Chile to obtain tariff

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reductions among Latin American countries and which represents a large proportion of the population and of the GDP — there are facts that deserve to be considered as net costs.

Perhaps the most important consideration would have been to postpone for 10 or 15 years the main benefits that could be expected from association with Mercosur, such as reduced foodstuff prices. This is an important issue for the poor and for families with lower income.

Perhaps farmers do not see it that way and put more emphasis on the importance of having local food sources, for strategic reasons. The country long since ceased to be being self-sufficient in wheat and other products that are harvested annually; moreover, at the pace they have been increasing, no protectionist measure would achieve that objective because there would be no room for those crops if they are to be planted in a rational manner.

Agriculture will remain protected. The largest quotas for meat and rice imports which are being negotiated do not threaten if compared with amounts that already come under this protected method, with total imports, and with domestic production.

Chile: Congress Considers Trade Legislation

96SM0306A Santiago EL MERCURIO in Spanish 29 Apr 96 p C4

[FBIS Translated Text] Valparaiso—Members of the Chamber of Deputies Economy Committee believe that the administration's legal proposal to adapt Chilean legislation to the agreements of the World Trade Organization (WTO) is not enough. They have asked the government to include regulations aimed at strengthening watchdog agencies and those that correct distortions, especially the Distortion Commission, to protect the national economy when it opens up further.

The key objective of the administration's initiative, which makes changes in Law No. 18,525 on price distortions in imports, is to modify that legal instrument to adapt relevant national legislation to the commitments made by Chile at the Eighth Round of Multilateral Negotiations of GATT (now the WTO), the Marrakesh Accord. The changes are needed because there are contradictory provisions on price distortions.

This move is imperative, since the National Congress unanimously approved the Marrakesh Accord and the annexes to it, which makes them the law of the land. Consequently, a few amendments are in order to make them fully operative and to meet international obligations.

To achieve this purpose, the administration's proposal sets forth the deadlines and procedures for processing complaints filed with the national commission in charge of investigating possible distortions. At the same time, it establishes a mechanism for appealing the measures adopted.

The bill, which began wending its way through the legislature early this month with a "regular" urgency classification for all stages, reaffirms Chile's commitment to comply with the agreements it has signed by making the Marrakesh Accord fully operative. It was that accord that created the World Trade Organization.

The bill was studied last week by the Economy Committee of the Chamber of Deputies in conjunction with Undersecretary of Finance Manuel Marfan, Economy Ministry representative Oscar Landeretche, Central Bank representative Ricardo Vicuna, and National Economic Investigator Ricardo Asenjo.

Next Tuesday the specialized parliamentary group, which is chaired by Deputy Jaime Orpis of the Independent Democratic Union (UDI), will hear the opinions of representatives of the Manufacturing Promotion Association, the Confederation of Production and Trade, the Importers Association, and the Exporters Association.

Both Deputy Jaime Orpis and his colleague Eugenio Tuma of the Party for Democracy (PPD) agreed that the administration's proposal is only aimed at making the WTO (GATT) agreements compatible with national legislation on distortions, but it does not strengthen the action of the agencies that are supposed to guarantee free competition in the country to ensure their effectiveness when the economy opens further. Chile has signed a number of agreements and bilateral treaties, and is on the verge of signing more, including the Mercosur pact.

The two congressmen indicated that this view is shared by the other members of the committee, so they asked the government to include in the bill regulations designed to enhance the effectiveness of agencies charged with ensuring free competition. Among these agencies are the Distortion Commission, the Antitrust Commission, and the National Economic Investigator's Office. The idea is to prevent the "dumping" in Chile of merchandise that has been shown to be receiving some kind of subsidy in another country.

The members of the committee feel that, in addition to adjusting our legislation to the multinational agreements of the WTO, the country should be assured of an effective Distortion Commission. The government representatives have been asked to implement such a provision in the bill by including instructive notes to that effect.

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They added that the administration was receptive to their ideas, and had indicated that regulations of that nature are under study and will be submitted to the legislature in the next 12 months. "But the problem is, Chile is opening up right now with the various bilateral treaties it has signed and is about to sign, such as the Mercosur pact. It is eliminating practically all of its tariffs on imports from several countries. And we are not prepared institutionally, with effective tools for protecting ourselves against actions that threaten free competition."

Orpis and Tuma agreed emphatically that the country has several sensitive areas, such as agriculture, textiles, and shoes, which have been seriously harmed by unfair competition from several other countries.

The congressmen think it is feasible to make changes in this same bill to control the situation in a more comprehensive manner, provided that the amendments do not contradict the Marrakesh Accord.

They both believe that changes should be made in the regulations governing the Distortion Commission, the Preventive Commission, the Reconciliation Commission, and the National Economic Investigator's Office.

The committee would like to treat the bill as emergency legislation, but with the addition of the amendments requested of the administration to strengthen the watchdog and distortion correction agencies. This is "because many sectors of the national economy are affected, and they cannot meet the requirement to prove the damage caused by the distortions because they have already gone bankrupt."

Chile: New CUT President on Labor Negotiations

96SM0306B Santiago EL MERCURIO in Spanish
29 Apr 96 p C8

[Interview with Roberto Alarcon, United Labor Confederation (CUT) president; place and date not given]

[FBIS Translated Text] The new president of the United Labor Confederation (CUT), Socialist activist Roberto Alarcon, favors sector-by-sector negotiation, tripartite labor relations, and giving priority to dialogue over mobilizations.

In the union leader's view, sector-by-sector negotiation guarantees that workers will not be treated differently in the same sector of production. He thus rejected business groups' criticism that this is a confrontational and negative approach because not all businesses are the same size or have the same level of production.

"No such danger exists, because once the negotiation begins, there is no guarantee that it will necessarily reach a successful conclusion," he stated.

In an interview with EL MERCURIO, Alarcon, who took office as president of the largest trade union organization in Chile with the support of the Communist Party, contended that if there were really tripartite labor relations in Chile, labor law reform would not be as significant.

"It does us no good to have a law if businesses have no desire to negotiate with the workers, which limits the effectiveness of negotiations. There is a law, but it is not enforced, and unfortunately, the workers do not have the power to enforce it," he pointed out.

In Alarcon's opinion, there are differences between what the workers want and what the government has proposed in the bill to expand collective bargaining; the provisions advocated by the CUT were not incorporated. For this reason, he will not rule out mobilization if it becomes necessary and if the workers decide to do it.

The same tripartite approach should be taken in the unemployment insurance bill, which is still being studied by the administration and will soon be sent to Congress, especially with regard to the definition of contributions to the unemployment assistance fund. According to Alarcon, limiting the government's participation to guaranteeing a minimum contribution is a negative feature that should be changed. "The government should get a little more involved in people issues," he declared.

He confirmed that the organization will rejoin the Productive Development Forum, a tripartite social consensus-building organization, at the meeting that will take place next May. The reason for the move is that it is interested in discussing matters such as Chile's adoption of international treaties.

"For a time the CUT did not participate in this discussion of treaties, and all of a sudden it came out saying, 'We do not agree,' but the workers do not have information," he said.

For this reason, he felt the CUT erred in failing to keep the workers sufficiently well-informed of what signing free trade treaties means for the country.

Term of Office

Touted by the Socialist Party (PS) as a "new face" in the national labor movement, Roberto Alarcon decided to run for the presidency of the CUT in the place of Manuel Bustos. He ran on a slate with Carlos Vasquez (teachers) and Christian Urrutia (bank workers), and his nomination, which pushed Christian Democratic leader

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Maria Rozas out of the race, sparked a heated dispute between the PS and the DC which still continues.

[EL MERCURIO] Is your term of office two or four years?

[Alarcon] That will depend on the planning conference.

[EL MERCURIO] Why are you making your term contingent on what the conference does?

[Alarcon] I am not imposing the contingency. The planning conference will decide on the revision of the bylaws, and that will dictate the outcome. The conference will establish the deadlines and guidelines, and the extent to which we will democratize the organization, whether in phases or all at once.

[EL MERCURIO] So you are not certain whether you will remain in office for four years, as the bylaws now say.

[Alarcon] No. The workers' representatives will decide at the conference what they will expect of the central office, especially with regard to the leadership.

[EL MERCURIO] What is the essence of your proposal to democratize the CUT?

[Alarcon] To transfer voting, which is now done at the top, to the rank and file as much as possible. Although it is now the presidents and directors of allied federations and confederations who elect the leadership, the idea is for this vote to be transferred to rank-and-file union members so that in the future there will be universal voting.

[EL MERCURIO] In light of the problems of inflated figures and the difficulty in obtaining a union roster that we saw in the last election, is the CUT in a position to carry out universal voting?

[Alarcon] Not at this time. That is why I am talking about an initial period, although that must be discussed, because some will say yes and others no. Right now I am certain that we cannot afford even to maintain the staff we have, much less carry out a process that costs several million pesos. It cannot be accomplished overnight, but at some point we must take the first step.

[EL MERCURIO] Was that the condition for the Communist Party supporting you?

[Alarcon] I have heard that. At least that was stated by the Communist leader, that that was the reason he voted for us.

[EL MERCURIO] But was that discussed or negotiated beforehand?

[Alarcon] Not at all. I was not in the negotiations. And therefore I have insisted repeatedly that their vote came in the meeting hall.

I personally am unaware of any agreement. And the people on the slate would have to have the same knowledge as I did.

Alarcon also denied that there was any dissidence within the group of Socialist members of the Executive Council. He said it was untrue that any of the party's representatives abstained on the day when the presidential vote was held.

Maria Rozas

The leader acknowledged that last Tuesday, after the Executive Council met, he held a conversation with Maria Rozas "that was just an exchange of ideas on the problem and the complications that had arisen."

[EL MERCURIO] What is your opinion of Maria Rozas?

[Alarcon] Very respectful. I think she has established a solid record as a union leader, so she deserves my utmost respect.

[EL MERCURIO] Do you feel more qualified than she to lead the CUT?

[Alarcon] No, it is not a matter of qualifications. This CUT does not pay attention to the qualifications of its leaders, because there can be a person without many qualifications as a leader, but if they have a strong and unified trade union organization, the results will be different.

Colombia

Colombia: Samper on U.S. 'Intervention' in Legal Affairs

PA3005234696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2205 GMT 30 May 96

[Report by Gilbert Vega; from the "Quarter Hour" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano today stressed that the national government does not allow other countries — for any reason whatsover — to intervene in the legal proceedings being conducted in Colombia. He said this today at the government quarters, following the swearing in of Magistrates Javier Diaz Bueno, from the Council of State, and (Henry Villa Mendez), from the Supreme Court.

This is how the chief of state responded to a report on new statements that U.S. officials such as Assistant

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Secretary Robert Gelbard have made regarding the proceedings the Chamber of Representatives is conducting.

[Begin Samper recording] We Colombians are going to defend these absolutely sovereign rights Colombia has, so that Colombian citizens — any Colombian citizen, starting with the president of the Republic down to the humblest citizen — will be prosecuted by the Colombian judicial system by the rules of the game our Constitution and our laws stipulate and without any type of [word indistinct] intervention. [end recording]

The president also said that no one is intervening in any country and that this is why no other country, let alone a friendly country, will be allowed to intervene in a trial or legal decision.

Colombia: Minister Submits Proposal to U.S. on Contraband

PA3005215496 Santa Fe de Bogota EL ESPECTADOR in Spanish 30 May 96

[Received via Internet]

[FBIS Translated Text] Colombia and the United States will adopt a new strategy to fight the laundering of dollars obtained through contraband.

The idea is for U.S. authorities to persuade businessmen of that country to export their products only through their official representatives.

This would prevent the flow of merchandise diverted through other markets at unreasonable prices, which finally reaches consumers as contraband from being used to launder money.

Foreign Trade Minister Morris Harf Meyer presented the proposal during the visit he paid to Washington last week.

The official explained that, if the path of persuasion does not work, authorities may resort to judicial methods.

Approved

The Colombian proposal was accepted by the U.S. Commerce Department, which immediately offered to create a working committee at the highest level to promote its implementation.

Information will be exchanged with the Colombian Foreign Trade Ministry, and mechanisms will be coordinated that can allow authorities to keep the irregular flow of merchandise under control.

Minister Harf said this strategy will also benefit U.S. manufacturers as contraband actually harms the image of their brands because of the poor service.

Colombia: Armed Forces Deny Using Venezuelan Airplanes

PA3005202596 Santa Fe de Bogota EL TIEMPO in Spanish 30 May 96

[Received via Internet]

[FBIS Translated Text] Colombian authorities have documents that prove there is only one foreign airplane being used by the FAC [Colombian Air Force], and it belongs to Bolivia.

No Venezuela-licensed airplanes are officially in the hands of the FAC or the government-owned Satena airline, and the institution's files only show the receipt of a small aircraft with a Bolivian license plate, which was given to the National Drug Council.

A receipt presented by the FAC yesterday practically invalidated the debate triggered by Venezuela, which was supported by Guillermo Gonzalez Mosquera, the Colombian ambassador in Caracas, according to which, Colombian authorities were using two planes that had been stolen from Venezuela.

The FAC only has a receipt for one foreign aircraft, and it is a Cessna 208 aircraft, Caravan model, serial number 0086, with Bolivian license plate number CP-2014.

According to this receipt, No. 1120, the light aircraft was seized for activities, allegedly, related to the trafficking of illegal drugs in 1990.

That same year, the National Drug Council, which is now the National Drug Directorate, issued Resolution 2050 to temporarily assign the aircraft to the Defense Ministry.

According to the document, the aircraft was placed at the orders of the National Drug Council by officials from the Military Criminal Court 118.

The document also indicated that the Bolivian aircraft "was initially assigned to Satena and, on 4 October 1991, allocated to FAC and given the license number FAC-5050." The resolution that temporarily turned the aircraft over to FAC is still valid, the document states.

The Bolivian aircraft, which has been assigned to the Marandua base in Vichada, is currently at the private hangar of the Aerorreparaciones repair shop, located behind the Catam airport installations.

The aircraft's radar system is being repaired, and it will be given the yearly maintenance check.

This information was confirmed by FAC Commander General Hector Gil Nieto who asserted that the Drug Office has only assigned two Venezuela-licensed aircraft to the institution.

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One of them, a C-206 Centurion aircraft, license plate YV-2335-P, is exhibited at the Jorge Eliecer Gaitan Association Museum and the other, a C-421 Cessna, license plate YV-332-P, was withdrawn from service because its useful life had ended, and it is to be sold.

The FAC document confirms statements made by Colombian Defense Minister Juan Carlos Esguerra last Monday, who said: "It is not true that the FAC or Satena are currently using planes that belong to Venezuelan citizens or companies."

Esguerra's statement was in response to declarations made by his Venezuelan colleague, Moises Orozco Graterol, last week, accusing Colombian authorities of using vehicles and planes stolen from Venezuelan in Satena and other official organizations, including the FAC.

Colombian Ambassador in Caracas Guillermo Gonzalez Mosquera had asserted last Tuesday that the Colombian Armed Forces had one of the two planes that the Venezuelan authorities asserted were stolen in that country.

Esguerra replied immediately and confirmed his position that "neither the FAC nor Satena are using airplanes that belong to Venezuelan citizens or companies."

That same day, Orozco Graterol said he had the documents from the two airplanes that are in our country and are being used by the Colombian Armed Forces and Satena. He even added that we had not two, but more than 20 airplanes.

It should be noted that FAC files show another Caravan plane that was seized. It has license plate number HK-3467-P and belongs to Colombian citizens.

This aircraft, according to Act No. 1121, was seized on 24 August 1989, when it was piloted by two Colombian citizens: Vicente Perez Alvarado and Hector William Salcedo Velasquez.

On 25 January 1994, the Bogota Regional Prosecutor's Office decreed that the investigation be closed and ordered that the aircraft be returned to its owners. The decision was confirmed by the Delegate Attorney's Office before the National Court on 17 August 1994.

Colombia: Unidentified Gunmen Kill 7 in 2d Massacre

PA3005141696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 May 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Cali — Seven people traveling in a white Blazer truck, with license plate No. CEE292, were killed by unidentified gunmen from another vehicle in Estambul, on the road from Palmira to Cali. Authorities have not determined the identity of those killed.

An eighth person was injured and was taken to a hospital where doctors are trying to save his life. All occupants of the vehicle that was fired on are youths, authorities have confirmed.

This massacre is the second in less than five days that has taken place in Cali, where six people were killed in a restaurant in northern Cali on 24 May; in this incident, William Rodriguez Abadia, son of Miguel Rodriguez Orejuela, was injured.

Colombia: Justices Confront Prosecutor General's Office

PA3005121396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 30 May 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 30 May]

[FBIS Translated Text] The municipal criminal court judges of Santa Fe de Bogota have confronted the Prosecutor General's Office for having questioned the judge who granted protection to Alberto Giraldo.

The judges have charged that there has been undue pressure and meddling in judicial affairs. The Prosecutor General's Office is calling for annulling the protection.

Santa fe de Bogota's 45 municipal justices and the Judicial Branch National Association [Asonal] have backed the ruling by Justice Marlene Orjuela, who granted a protection measure in favor of Alberto Giraldo, under arrest for illegal enrichment.

According to the justices, the Prosecutor General's Office is trying to pressure them.

[Begin Asonal President Antonio Suarez recording] What we are seeing is undue pressure on the people who will handle the trial on first appeal because of the appeal from the Prosecutor General's Office. They have double standards. This is very dangerous for the law and legal applications in Colombia. [end recording]

Today we gained information on part of the Prosecutor General's Office's challenge of the protection granted by the judge to Giraldo.

According to the commission of prosecutors in charge of Case 8000, Judge Marlene Orjuela ignored the Prosecutor General's Office, misrepresented the Constitutional Court's doctrine on illegal enrichment, and did not even

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bother to review Giraldo's process, which is already in the hands of a regional judge.

Colombia: Conservative Leader's Visit With Samper Viewed

PA3005121296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 29 May 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 30 May]

[FBIS Translated Text] The "National Newscast" spotted Conservative Party leader Fabio Valencia leaving Narino Palace after an unexpected visit to President Ernesto Samper.

The Conservative Party and the government had supposedly gone their separate ways a long time ago. Could this visit be a signal of a new rapprochement?

Let's listen to a report.

[Begin recording] [Unidentified reporter] Why were you, Fabio Valencia, a member of the Conservative Directorate, speaking with President Samper?

[Valencia] Following the debate on Uraba, the president invited me to discuss the possibility of an interoceanic channel. This was the main issue of the meeting. Of course the president touched on other issues. [end recording]

The Conservative Party Directorate does not think Valencia is acting clearly.

[Begin Conservative Party member Pablo Victoria recording] I think that Valencia's position is personal. It does not represent the party, but I believe it is a source of grave concern. Colombia's Conservative Party should be seriously concerned about this. [end recording]

Some have viewed Valencia's visit with Samper as part of the search for national reconciliation proposed by the government, in which former minister Guillermo Perry plays a leading role.

[Begin recording] [Conservative Party member Jaime Arias] I think Perry is a very definite spokesman for President Samper.

[Unidentified reporter] Has he spoken with you?

[Arias] Yes. He held a meeting in which he called for spokesmen. [end recording]

As it has been said: The government is gaining ground on the ruling of the Chamber, whatever decision is adopted there.

Colombia: 1997 Expenditures To Exceed 27 Trillion Pesos

PA3005153896 Santa Fe de Bogota EL TIEMPO in Spanish 28 May 96

[Received via Internet]

[FBIS Translated Text] The national government will spend more than 27.3 trillion pesos in payroll, operations, investment, and service of the debt in 1997.

This figure is much larger than the country's public and private debt that currently totals 22 trillion pesos.

According to the Finance Ministry and to the National Planning Department, about 60 percent of the budgeted resources will be spent on operations, that is, about 15 trillion pesos.

This considerable figure includes 8 trillion pesos that will be transferred to municipalities and departments. The rest will be used to meet the payroll and for general expenses in all government offices.

Investments will total 5.2 trillion pesos and will be directed to the following sectors: Transportation and roads, health, education, armed forces, science and technology, environment, housing, justice, potable water, and agriculture.

One of the allocations that will increase the most will be service of the domestic and foreign debt. The government estimates a 38 percent increase. Debts for 5 trillion pesos will be paid in 1996 and for 7 trillion pesos in 1997.

This means that the amount paid for capital and interest on debts at home and abroad is equivalent to about 80 percent of total Colombian exports in 1995.

To Congress

The draft budget is based on an inflation of 15 percent and economic growth of more than 5 percent in 1997.

Another assumption is that the devaluation rate will be 13.92 percent, similar to the one estimated for this year.

Although an inflation rate of 15 percent is estimated, the board of directors of the Bank of the Republic will determine the target figure based on results obtained in 1996.

Finance Minister Jose Antonio Ocampo will present a draft budget for 1997 to the Congress of the Republic after 20 July 1996.

The legislative branch will have three months to approve the proposed expenditures.

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Colombia: Development Plan Achievements Questioned

96SM0311A Santa Fe de Bogota EL TIEMPO in Spanish 21 May 96 p 6B

[Article by Conservative Senator Juan Camilo Restrepo]

[FBIS Translated Text] Someone with good judgment has claimed that anything can be done with statistics: sometimes even telling the truth.

That statistics game is what we are witnessing, with the clever (and hence, inaccurate) way in which the government has been presenting the figures on the execution of the Social Leap.

On 22 April, at the Gonzalo Jimenez de Quesada Convention Center, President Samper jubilantly presented the assessment of the development plan's first year (1995).

The main conclusion from that presentation was that the execution of the Social Leap is progressing "marvelously," because 93 percent of the programs were executed during its first year.

So far, everything is marvelous. But how did the president reach the figure of 93 percent? What was the statistical methodology for arriving at that encouraging conclusion? This is where the problems and the game of statistics at which this government is so skillful begin to appear.

What the government did was to compare the appropriations with the commitments, or, even worse, the appropriations accompanied by placement of funds with the annual programming of payments (PAC). These are tricks intended to create the false impression that the execution of the Development Plan is proceeding very well.

However, when the situation is viewed from a different (more stringent) standpoint, it loses the rosy nue of the president's presentation.

In fact, as may be seen on the attached chart, if the execution of the investment budgeted for 1995 is gauged from the standpoint of the commitments, 84 percent of it was executed. If it is measured with respect to transfers in conjunction with placement of funds, its execution was 50 percent; and, if it is gauged with respect to effective payments, only 47 percent was executed.

Speaking bluntly, this means that the budget investment (including the Social Leap programs) was executed only by approximately a half during 1995, in terms of effective payments, which is what matters ultimately. In other words, the results could not be more deplorable.

These percentages reveal a huge budgetary lag, and the blatant inability of the institutions managing social investment in the country to execute social spending. Last year, the social investment viewed in terms of effective payments made by its principal executors amounted to only 47.3 percent. In other words, the Social Leap is progressing at half speed.

The same thing holds true of the non-budget programs of the Social Leap, the principal one being that for the generation of employment. To be on track for attaining the goal offered, of putting 1.6 million on the job site during this four-year term, it would have been necessary to create at least 400,000 new jobs in 1995. And yet barely 200,000 were created. In other words, the employment plan is proceeding at half speed as well.

Investment Appropriations Through Dec 95 (In billions of pesos)

Category	Appropriations	Commitments	Funds	Payments
Investment	2,698.52	282.5	1,365.3	1,277.4
Percentage	100	84	50	47

Ecuador

Ecuador: Indigenous Movement Rejects Runoff Candidacies

PY3005203796 Quito Voz de Los Andes in Spanish 1700 GMT 30 May 96

[FBIS Translated Text] The New Country Movement, which is supported by the Ecuadoran indigenous communities, has rejected the presidential candidacies in the runoff of rightist Jaime Nebot and populist Abdala Bucaram who aspire to succeed Sixto Duran-Ballen.

During a meeting with national representatives from throughout the country and top party leaders, the movement announced its decision to reject the candidacies of the two because they represent the right.

Present at the meeting was former presidential candidate for the New Country Movement Freddy Ehlers who obtained the third place in the 19 May general elections, after Nebot and Bucaram, who will dispute the presidency in a runoff slated for 7 July.

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Paraguay

Paraguay: Galeano Named New Military Household Chief

PY3005161596 Asuncion NOTICIAS in Spanish 30 May 96 p 8

[FBIS Translated Excerpt] Brigade General Hector Ramon Galeano Ruiz Diaz (Army communications branch), current head of the Army Command and Staff School, has been appointed chief of the presidential military household. Gen. Galeano will thus take the place of Division General Evaristo Gonzalez, who has been appointed commander of the 1st Corps.

The Armed forces commander in chief chose Galeano, who was promoted to the rank of general in December 1995, passing over other more senior officers.

Galeano will be acting chief of the military household because the job requires a division general. Several generals will be promoted to that rank at the end of 1996. [passage omitted]

Paraguay: Ex-Corps Commander Receives IADB Appointment

PY3005150096 Asuncion ABC COLOR in Spanish 30 May 96 p 7

[FBIS Translated Excerpt] Staff Colonel Carlos Alberto Ovando, military forces social communications director, reported on 29 May that Division General Santiago Zaracho Frucadez was appointed to represent Paraguay at the Inter-American Defense Board, IADB. [passage omitted]

Gen. Zaracho was relieved as 1st Corps commander on 27 May, and another Cavalry officer, General Juan Evaristo Gonzalez, took his place. [passage omitted]

Peru

Peru: Minister Says Ecuador Violates Air Space

PY3005235096 Lima EL COMERCIO in Spanish 30 May 96 p A4

[FBIS Translated Text] Foreign Minister Francisco Tudela confirmed yesterday that over the past three months there have been "several violations of our air space" by Ecuadoran planes. He added that any verification must come from the Military Observers Mission of the guarantor countries of the Rio de Janeiro Protocol.

Tudela said he knows Peruvian military officials have reported the case to the military observers, which comprises officers of the four guarantor countries stationed in the demilitarized zone established on a stretch of the Peruvian-Ecuadoran border.

In a telephone conversation with EL COMERCIO from Santa Cruz de la Sierra, Bolivia, where is paying an official visit, Tudela also referred to remarks by Ecuadoran Foreign Minister Galo Leoro, who expressed "surprise" over the disclosure of the case involving Peruvian Wilmer Alvarez, who is missing in Ecuador. Leoro said there is an agreement with Tudela to keep such cases confidential.

Tudela categorically denied such an agreement. He said: "I am adamant. There is no agreement to keep cases of missing persons confidential. I personally asked Galo Leoro to give the date of the agreement and he was not able to do so. The Ecuadoran charge d'affaires was asked the same question at the Peruvian Foreign Ministry but he was not able to do so either. I emphatically assert there is no such agreement."

Tudela said the only agreement on confidential matters is the one signed on 17 January 1996 regarding negotiations on Point 6 of the Itamaraty Declaration, which is about the subsistent impasses.

Tudela added: "The context of the agreement has been distorted as a cover, to make Peru appear as the country at fault. Peru did not violate any agreement. The diplomatic action by Peru in the case of Peruvian Wilmer Alvarez, who disappeared in Quito, would have been carried out with any country. Nothing confidential can exist on human right issues."

Tudela said: "We cannot conceive that the confidential status of the talks on Point 6 related to the subsistent impasses could be linked to a human rights case. Peru does not negotiate the lives of its citizens."

Despite many events over the past few months related to disappearances, the violation of Peruvian air space, and the Ecuadoran distortion campaign against Peru, Tudela said he cannot judge Ecuador. He added: "All I can do is to talk on behalf of Peru, which maintains its policy of continuing to negotiate with Ecuador."

He believes diplomatic relations have been normal since 17 February 1995, when the Itamaraty Peace Declaration was signed. He added: "Peru believes we are on Point 6 of that declaration. This is what guides our actions. Motivations for different events that may occur, like the violation of our air space or the disappearance of Peruvian Wilmer Alvarez interest us as objective facts. An individual who is under the custody of the Ecuadoran Armed Forces cannot disappear after an agreement was already reached by the two Foreign Ministries to expel him, to deliver him to Peruvian officials at the border."

Hearing that Jorge Rosado, Peruvian consul in Machala, Ecuador, was being harassed by Ecuadoran security

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agents, Tudela said it is well known that similar actions against Peruvian diplomats occurred in the past.

The information on Consul Rosado indicates that he is permanently watched, that his telephone calls are interrupted, and that he reportedly received threats against his physical integrity.

Peru: Commentator on Inquiry Into Drug Shipment on Plane

PY3005230796 Lima EL COMERCIO in Spanish 25 May 96 p A13

[Article By Miguel Ramirez]

[FBIS Translated Text] Air Force Lieutenant General Waldo Richter Cruzhas has stated that a series of developments casts doubt on the honesty of the investigations into the discovery of 174 kg of cocaine hydrochloride in a Peruvian Air Force [FAP] plane.

The first strange thing is how the drugs were discovered on the night of 10 May. On 16 May — six days after the investigation started — PNP [Peruvian National Police] General Luis Perrigo, National Antinarcotics Directorate (Dinandro) chief, told the media that "the discovery was not made as a result of a 'tip' from an informer but rather due to intelligence work by the FAP."

One day later, during his address to Congress that summoned him to explain the case, Defense Minister General Tomas Castillo Meza said "an anonymous phone call" alerted the FAP high command to the drug shipment aboard a plane that used to belong to the presidency of the Republic.

Far from clarifying matters, Castillo added that the anonymous call was received by the commander of Air Wing No. 2 at 1900 on 6 May. Castillo said that until 9 April "an absolute, but discreet, watch on the aircraft was ordered."

The truth is that Callao prosecutor Maria del Pilar Castillo Soltero was only informed about the discovery of the drugs on the night of 10 May. Only then did she get in touch with Dinandro which, until then, was unaware of the case.

A Dinandro source told EL COMERCIO that it was strange that if the FAP knew about the drugs since 6 May that it only informed the prosecutor on the night of 10 May. The source said: "If you find drugs the first thing you do is phone the authorities."

It is also strange that Minister Castillo wasn't able to supply information on the whereabouts of FAP Colonel Oscar Salinas Orteaga, the DC-8 crew chief. In his statements before Congress, Castillo said Salinas was abroad.

A little later, in view of the journalists' insistence, he said the mentioned officer "is here in Lima." Despite this situation, Col Salinas Orteaga was allowed to fly to Russia 48 hours after the clandestine shipment was discovered. Nobody knows where he is now.

Another odd factor is that prosecutor Maria del Pilar Castillo Soltero was taken off the case. Castillo was the first civilian authority to learn about the discovery on 10 May. One day later, through Resolution No. 415-96-MN-FN, she was appointed special prosecutor to investigate the case.

Castillo was investigating the case with her assistants Marco Antonio Valverde and Estela Huaringa Conde when, on 21 May, Attorney General Blanca Nelida Colan took her off the case and replaced her with prosecutor Fabiola Janet Pena Tavera, of the 27th district attorney's office in Lima Province.

A source of that office told EL COMERCIO that prosecutor Castillo had interrogated all the involved subordinates and that she was about to start interrogating the five crew members, that is, FAP Colonels Oscar Salinas Artega, Angel Aguayo Saravia, Marco Carrion Rondon, Presidential Aide-de-Camp Luis Escarcena Ishikawa, and retired Captain Pedro Hernandez Lusich.

Prosecutor Castillo wanted all information from the subordinates in order to refute arguments by some officers involved in the case. Before being taken off the case she heard that FAP sources had disclosed that the crew did not know drugs were aboard the DC-8 because they usually do not get near the aircraft until shortly before taking off.

Another Dinandro sources told EL COMERCIO that prosecutor Janet Pena will do little or nothing to clarify matters because the law sets a deadline for the investigation to expire on 29 May.

Peru: Drug Trafficking Mafia Said To Infiltrate Air Force

PY3005163996 Lima EXPRESO in Spanish 29 May 96 p A15

[FBIS Translated Text] It has been learned from the questioning being conducted in El Callao that a powerful drug trafficking mafia has reportedly been infiltrated into the Peruvian Air Force [FAP] at least since 1991 in an attempt to "charter" aircraft to transport drugs.

According to a report, one of the FAP noncommissioned officers who is being held in custody to clarify his involvement in the case admitted that several planes have been transporting drug shipments since 1991.

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On 28 May, the expert in charge of inspecting the cargo being transported by the FAP "narcoplane" begun to testify before the authorities of the Callao Fifth Penal Court.

On the night of 27 May, three FAP noncommissioned officers were taken to the National Prisons Institute [INPE] Classification Office and then taken to the Miguel Castro Castro prison in Canto Grande.

They are Efrain Cadillo, Jorge Barreto, and expert Fernando Romero, who have been testifying before Judge Jaime Salinas Valenzuela since Sunday, 26 May. Prosecutor Fabiola Pena had leveled charges against them the previous day.

They were held at the Judicial Court prison, but the judge placed them at the disposal of the Judicial Police.

On 28 May the judge began interrogating FAP technician Raul Urrunaga, who testified for more than seven hours.

It has been learned that Urrunaga's testimony was important, considering that he is the one who was in charge of inspecting the cargo and the weight the plane should carry before taking off for Europe. He was the last person to inspect the aircraft.

Peru: Drug Trafficking Expert Evaluates Money Laundering

PY3105030396 Lima EL COMERCIO in Spanish 27 May 96 p A10

[FBIS Translated Text] The "narcodollars" that enter the Peruvian economy — estimated at $500 million by President Alberto Fujimori — really distort our economy and make the fight against money laundering very difficult.

That figure is only a reference because there is no consensus on the exact amount, or any way of knowing it. The calculations vary from $100 million, to an estimated $2.3 billion by specialist Luis Novoa Soto who recently past away. Other experts talk about $500 million to $1 billion.

Economist Humberto Capodonico, an expert on drug trafficking, recently wrote: "The entry of foreign currency from drug trafficking is equal to at least 15 percent of our exports; some $500 million. We thus face a situation that has an active participation in our economy, and a very important effect.

Capodonico bases this on the quantity of cocaine base which, according to official figures, is produced in the coca growing regions of Peru.

He said: "If 50 percent of this figure stays in the country, either in national or foreign currency, it represents about $500 million annually, which is an important amount of foreign currency.

This is the approximate volume of dirty money being laundered in the country.

According to UN estimates, the impact of narcodollars in international financing would be about $500 billion annually.

This confirms a rule existing for several years about the distribution of profits of drug trafficking: About 90 percent of the profits are generated in the consumer countries and less than 10 percent in the producer country.

As we know, Peru, Bolivia, and Colombia are producers of raw materials for drug trafficking.

Campodonico, who made several studies on the economic importance of drug trafficking, believes there is double talk by the industrialized countries on the money laundering issue.

He said: "There is one proposal that this crime must be repressed through several measures. On the other side, the interests of the large multinational companies seek a free circulation of capital at the international level which prevents the fight against money laundering."

Campodonico said that even in Peru, the government has not completely prohibited the financial system from obtaining the foreign currency coming from drug trafficking.

He said: "The Peruvian Central Reserve Bank continues to buy dollars on the so-called parallel market to back our international reserves. The same thing can happen, and it probably does, with the national private banks."

This is why, he said, efforts to fight money laundering and the profits from trafficking have had little effective results so far.

Peru: Poll Shows Reduced Support for Government

PY3105030496 Lima EL COMERCIO in Spanish 25 May 96 p A5

[FBIS Translated Text] The latest poll by Apoyo S.A., shows the image of the government, the administration of President Alberto Fujimori, and his cabinet chief Prime Minister Alberto Pandolfi, dropped slightly in the April-May period.

The exception is the administration of Economy and Finance Minister Jorge Camet, which increased from 38 to 42 percent in May.

The successful result of Peruvian negotiations with international creditors perhaps influenced the poll.

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The support for the legislative branch dropped from 44 percent in April to 40 percent in May.

The poll also reveals that support for Congress President Martha Chavez increased 1 percent in last 30 days.

The poll shows that 61 percent reject the administration of the judicial branch.

Regarding the arms trafficking scandal, the poll reveals that the people believe Argentine President Carlos Menem knew that the final destination of the secret weapons, ammunition, and other military materiel was Ecuador.

The poll included 504 people over 18 years of age between 10 and 13 May.

Peru: Castaneda Lossio Launches Presidential Candidacy

PY3005164396 Lima LA REPUBLICA in Spanish 29 May 96 p 3

[Article by Patricia Tello Salazar from Chiclayo]

[FBIS Translated Excerpt] The electoral campaign for the presidential elections in the year 2000 began on 28 May with the proclamation of the candidacy of Luis Castaneda Lossio, former president of the Peruvian Institute of Social Security [IPSS].

Castaneda Lossio was warmly welcomed in Chiclayo, his home town, where he arrived to start a long campaign that will end in four years.

Thousands of Lambayeque inhabitants carrying loudspeakers, placards, and picket signs began gathering from early in the morning at the Jose Quinones Airport. They were accompanied by a band that entertained the crowd. [passage omitted]

Castaneda Lossio has reaffirmed his position against the neoliberal and privatization policy implemented by President Alberto Fujimori's administration, and promised to strive for an equitable and fair country.

He said: "I have said time and again that I really disagree with the current privatization plan. Health must be treated as a technical issue and, above all, be approached with human respect." The people who were present warmly applauded his statements. [passage omitted]

Uruguay

Uruguay: President Visits Rome, Discusses L.A. Issues

PY3005223496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0140 GMT 29 May 96

[FBIS Translated Text] Rome, 28 May (AFP-NA) — During a news conference in Rome on 28 May, Uruguayan President Julio Maria Sanguinetti noted that the cases of people reported missing during the last military dictatorship "were already investigated" between 1985 and 1987. During a recent massive rally, people wanted these cases to be clarified.

During a news conference that began at 2200 on 28 May, following a reception that the Uruguayan president hosted for the Italian authorities who received him on 27 and 28 May as an official guest, Sanguinetti emphasized that the reports on bodies of tortured people who had allegedly been buried in the barracks where they had been killed "is not new." He added that these reports were also investigated by Congress and by the executive branch in 1985, 1986, and 1987. Sanguinetti noted that, after these investigations, a decision was made to close these cases, as "new elements were not found."

Sanguinetti, who is scheduled to leave for Romania on 29 May, recounted that his country first approved an amnesty for guerrillas and then for military personnel. The amnesty for military personnel was definitively approved through a plebiscite held in April 1989.

As established in the amnesty law itself, the relatives of about 100 Uruguayan people who were reported missing during the military dictatorship of the 1970's want each case to be clarified, even if it is not possible to bring the people responsible to court.

Concerning recent admissions of military personnel of having violated human rights during the dictatorship, Sanguinetti did not favor a widespread "mea culpa" by the Armed Forces, as it was the case in Argentina.

Sanguinetti said: "The Uruguayan and Argentine situations are not comparable. Uruguay thoroughly discussed these issues after the military regime. From an institutional viewpoint, we believe this discussion has been closed. This does not preclude the possibility of making personal remarks, if anyone wants to make them."

Concerning the case involving Eugenio Berrios, a former member of the fearsome DINA [National Intelligence Directorate], the Chilean (political police), Sanguinetti preferred not to raise any hypothesis on the repercussions that this case could have on the relations with Chile. Berrios' body, which was found in Uruguay with two bullet holes, was positively identified a few days ago.

Berrios, who was summoned to testify in the case involving assassinated [Chilean] Foreign Minister Letelier, escaped to Uruguay shortly over a year ago. Apparently, he received some help from the Chilean secret services.

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Sanguinetti was asked if his administration would be willing to hand over the would-be culprits to Chile.

The Uruguayan president indicated: "We cannot venture any hypotheses. It is a delicate issue." He added that the Uruguayan Government would abide by legal standards and rely on its friendly relations with Chile to resolve it.

Reviewing the two-year imprisonment handed down against two journalists from the Uruguayan newspaper LA REPUBLICA for publishing corruption charges against the president of Paraguay, Sanguinetti said: "The press is not muzzled in Uruguay."

Contending international criticism on this case, the president explained that a law that applies "to all the citizens," and not specifically to the press, was used for these journalists.

Sanguinetti, who on 25 and 27 May officially met the pope in the Vatican, met top Italian State and Italian Government officials on 28 May. The Uruguayan president noted that he was leaving "very satisfied" with his visit in which "we have given a better description" of the Uruguayan reality, arousing Italy's "interest" in investing in Uruguay.

The Uruguayan president noted Italy's "strong interest" in Latin America. Italy's specific interest in Uruguay will be reflected by groups of entrepreneurs who soon will be visiting Uruguay to review the possibility of making investments in agro-industrial projects, gas pipelines, public works, telecommunications, and tourism, which represent areas of major interest for Uruguay.

The president, who is very confident that a solution to the technical problems for Chile's entry into Mercosur [Common Market of the South] will be found, added that the unsuccessful coup in Paraguay indicates that Mercosur not only enjoys economic prestige, but has also acquired a "political personality," as it helped to resolve a crisis. Paraguayan democracy also evidenced "great strength," Sanguinetti underscored.

Venezuela

Venezuela: Mexico's Gurria on Effects of Helms-Burton Law

PA3005145996 Mexico City NOTIMEX in Spanish 0025 GMT 30 May 96

[By Edelmiro Franco]

[FBIS Translated Text] Caracas, 29 May (NOTIMEX) — The Helms-Burton law, drug trafficking, and integration were the main topics Mexican Foreign Secretary Jose Angel Gurria discussed today during his first day in Venezuela.

Gurria said it is necessary for the various regions of the world to deal in a coordinated manner with the Helms-Burton law, which violates international law and the principles of the United Nations and World Trade Organization (WTO).

The Mexican foreign secretary insisted the U.S. law, which intensifies the embargo against Cuba, affects all the countries of the world because of its extraterritorial nature.

He urged the governments to take national and regional actions against the Helms-Burton law and to take advantage of all the international forums such as the United Nations, the OAS, and the WTO.

Among the actions that could be set in motion by various countries, Gurria said, are a blockade on investigations pertaining to the U.S. law and even the filing of counterclaims for damages, something which could be viewed as a "mirror law" of sorts.

Gurria said that his government will do everything within its power to protect the interests of Mexican businessmen who have investments in Cuba and that he will continue to speak out against the commercial blockade the United States has imposed on the island for more than 30 years.

Gurria outlined Mexico's views regarding the Helms-Burton law to President Rafael Caldera, the board of directors of Congress, and the Latin American Economic System (SELA), where he delivered a speech on integration.

The other issue the Mexican foreign secretary discussed in Caracas was drug trafficking. He informed the many sectors with whom he met that Mexico is promoting a special UN session in 1998 to examine the drug issue in depth.

"The struggle against drug trafficking is a priority for Mexico for reasons of public health" Gurria stressed, insisting that the phenomenon of drug trafficking and related crimes such as money laundering require a joint, worldwide struggle.

In the area of integration, Gurria said the conditions are given to continue making progress through regional and subregional free trade treaties.

The Mexican foreign secretary proposed that SELA be turned into a permanent, technical secretariat of Rio Group countries that will lend its support for integration projects with other regions.

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Gurria, addressing a large group of diplomats and government officials, insisted that integration requires active means of consultation such as the Rio Group, hemispheric summits, and SELA.

He warned that the fact that integration is being promoted does not imply that governments must forget the phenomenon of poverty, and he made a plea for increased investments in the area of social spending.

On 30 May, his final day in Venezuela, the Mexican foreign secretary plans to meet with the Caldera administration's economic cabinet and private sector leaders and to sign several cooperation agreements with his counterpart, Miguel Angel Burelli.

Gurria will travel to Mexico on 30 May at 1900 (2300 GMT), according to the official agenda.

Venezuela: Supreme Court Sentences Ex-President Perez

PA3005185096 Caracas Televen Canal 10 in Spanish 1620 GMT 30 May 96

[Monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1620 GMT 30 May]

[FBIS Translated Text] The Supreme Court of Justice has just issued a firm decision. The court is holding a closed-door meeting, but we have the information first hand from our reporter, Yesenia Valls.

Former President Carlos Andres Perez has been convicted on charges of aggravated generic misappropriation [malversacion generica agravada] involving 250 million bolivares. The conviction is of two years and four months, a conviction which confirms all the reports the media have published.

Venezuela: Ex-President Comments on 'Infamous' Trial

PA3005235096 Caracas Televen Canal 10 in Spanish 1755 GMT 30 May 96

[News conference by former President Carlos Andres Perez with Televen reporter Pedro Prado and unidentified reporters at La Ahumada residence in Caracas; broadcast live by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Prado] We are again at former President Carlos Andres Perez' residence, La Ahumada, in Oripoto. He has just arrived from the Supreme Court of Justice [CSJ] amidst cheers. We are now waiting, because former President Perez will hold a news conference here in about 30 seconds, to issue his views on — here he comes. Here comes former President Perez. He is walking toward us. You cannot see him right now because we cannot turn our cameras, but you will immediately see former President Perez, who will give his first personal views on the ruling. Good afternoon, President.

We would like to know what you think and how you consider this ruling.

[Perez] Messrs. journalists, first of all I want to tell you that, as has been the behavior throughout this trial, I abide by the court ruling. I must also state my profound indignation at this monstrous legal ruling issued against Venezuelan laws. It has nothing to do with our positive law and, despite the respect I have always had toward the high-ranking court magistrates, I must deplore the fact that these CSJ members — with the honorable exceptions of those who cast a dissenting vote — are now showing that they were at the service of a shady political maneuver led by President Rafael Caldera and Democratic Action Party leader Luis Alfaro Ucero.

[Reporter] President, what will you do now to return the money that, in principle, compensated for the damage?

[Perez, interrupting] This is another ridiculous thing about the ruling. If damage was caused, then the damage should be calculated and stated in the ruling. There is no way to determine this, because the damage does not exist. There is no problem about this.

[Reporter] Congress thinks you should have been sentenced to more than two years.

[Perez] Well, those are my enemies. They will always think many things, but that is not what the Venezuelan people think. There is one more thing I must state on this opportunity. You, who are journalists and always on the street, know what the Venezuelan people's feelings are. I cannot but state my respect, esteem, and admiration for the Messrs. lawyers in charge of my defense and the defense of former Foreign Minister Reynaldo Figueredo, former Interior Minister Alejandro Izaguirre, and administration directors Barreto and Vera. They acted according to the law at all times, with great respect for the legal institution, and they aptly proved there was absolutely no crime for which I could be condemned.

[Reporter] What actions will you adopt at the international level after the court ruling?

[Perez] Obviously, obviously, the crime for which I am condemned is a crime that cannot be perpetrated by an official who does not handle public funds. To embezzle, you must handle resources and move them to a different destination. Also, we should not forget that, despite the affront with which the CSJ acted, they could not condemn me for another crime they attributed

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to me, meaning embezzlement. This could have tainted my reputation in a certain way.

[Reporter] The court decision does not ban you from political activities. Does this means that you have a [word indistinct] political future?

[Perez] Let me explain. I have not been banned from political activities. In September, I will come out and continue my struggles, visit all of Venezuela, and try to recover from this situation that our Democratic Action [AD] political organization is experiencing, which is so regrettable and so demeaning.

[Reporter] Would you run again for president?

[Perez] I will reply. This is what is happening: The CSJ is the Republic's supreme tribunal. Here we need to observe another unusual event. This trial has no appeal. The same judges who began my trial are the judges that have given a definite ruling. This is something that is absolutely repudiated and shown to be unacceptable in a democratic regime by international agreements that all countries have signed, including Venezuela.

Nevertheless, Venezuela is a member of an institution called the Inter-American Court of Justice, which is an agreement signed by all countries in America. Venezuela is part of this agreement. Right from the beginning a claim was presented before the OAS Human Rights Commission, which is part of this tribunal, for violating the right to defense that was observed right from the beginning of this absurd and infamous trial against me.

In the next few months I am sure that the Human Rights Commission will present this absurd trial before the Inter-American Court of Justice, and they may even annul the Venezuelan CSJ trial.

[Reporter] Do politicians also depend... [words indistinct]

[Second reporter] Will you again run for president?

[Perez] This is not part of my plans. I am a 73-year old man; I have dedicated 59 years to the struggle for democracy in Venezuela and in Latin America. Because of my age I cannot include in my plans running for president again. What I am proposing for now is my return to Venezuelan politics to try to pull this country out of these difficult moments we are experiencing.

This is Venezuela's worst government, and it has sunk this country into the most difficult situation ever experienced. [applause]

[Reporter] Are you declaring a political war on the president?

[Perez] I do not declare war on anybody. I have maintained an attitude of complete emotional balance. I have said and I today reiterate that I feel no hatred, nor do I seek revenge. I will, however, struggle to reinstate dignity to the judicial branch in Venezuela and return well-being to the people beaten by the measures that this administration is taking.

[Reporter] Who loses the most, you or the Republic by this ruling?

[Perez] I do not like to give hard and fast replies [respuestas puntuales] because I have never turned political debates into personal squabbles. I must clearly say, however, that the party's directorate does not represent AD interests and the farm manager [caporal] leading AD will be expelled by the party's rank and file when the party recovers its freedom.

[Reporter] Who loses the most, the state or Carlos Andres Perez?

[Second reporter] [words indistinct] ...that is precisely now being discussed. What do you think?

[Perez] If this had been the case, then this would have been the reason for the trial and that could have wiped me out politically. None of that exists.

[Reporter] Who loses the most, the state or Carlos Andres Perez?

[Perez] What was that?

[Reporter] Does this ruling hurt Carlos Andres Perez the most or the state?

[Perez] Of course, it is the Venezuelan state that loses the most by the lack of dignity in the Venezuelan justice system. This decision blemishes the CSJ.

[Reporter] [Word indistinct] political party led by Caldera to the financial system can be interpreted as embezzlement of funds and also secret funds?

[Perez] I have already said that my plan does not include revenge or retaliation. But one of the most serious things that has taken place with this trial and that affects Venezuela's future is the precedent that has been set today, in which a president can be sued for any reason, and great political instability can be generated in the country.

[Reporter] President, the embezzlement charge was excluded from your sentence...

[Perez, interrupting] In these...

[Reporter, interrupting] Could this lead to an action...

[Perez, interrupting] I have to stay at home for four months; I will continue to get ready for my struggles

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while keeping in contact with the media and my friends from around the world and getting ready, I repeat, to move forward to fight for democracy and the well-being of Venezuelans, who are currently under a great deal of anxiety.

[Reporter] Will you take legal actions against those who charged you with embezzlement?

[Perez] This was left out; it does not exist.

[Reporter] They slandered you, according to the law.

[Perez] No, no, no. I am not planning to personally retaliate.

[Reporter] Then, AD has defined itself as of now since you are going to recover your...

[Perez, interrupting] Look, at this time, there are possibilities of parties dividing themselves. If we do not rescue AD from this wretched hour it is experiencing, this party will disappear from the face of Venezuela.

[Reporter] What will you name your new party?

[Perez] No, no. Let us wait; let us not give premature opinions.

[Reporter] How are you planning to pay for this damage? With what money?

[Perez] This is not going to happen, because no harm whatsoever was established.

[Reporter] Yes, but it was left up to the private accuser and the prosecutor...

[Perez, interrupting] No, no, no.

[Reporter, interrupting] To make these changes.

[Perez] No, no, no. They have to determine the damage, and there is no damage.

[Reporter] If they enforce what was asked in the proceedings, are you able to repay (?10) million bolivares in damage?

[Perez] Do not talk nonsense. This does not exist. I do not have money to repay anything, because I have nothing but the house in which I live. I have absolutely nothing.

[Reporter] How are common citizens left with a nonexistent state of law?

[Perez] Well...

[Reporter, interrupting] Continue to have political power [words indistinct] what is left for criminals who have been prosecuted?

[Perez] This is the tragedy Venezuela is experiencing; this is the threat Venezuelans face. This is the prison problem the country currently has.

[Reporter] [Words indistinct]

[Perez] Excuse me?

[Reporter] What about Venezuelan justice?

[Perez] Venezuelan justice was left crippled. However, I believe that one of the objectives of the attitude I took when I decided to stay in Venezuela and face all these charges is to rescue the state of law, as a consequence. I am certain that these magistrates who have seriously harmed Venezuelan justice will be confronted in forums that will be held in all Venezuelan universities and other world law institutes by criticizing and proving that this sentence does not stem from any political reason.

[Reporter] In Congress, there is a consensus for you to take over, as soon as possible, your post as longtime senator.

[Perez] I cannot do this until I am able to leave this place.

[Reporter] How do you view this sentence in the fight against corruption [words indistinct] your political analysis, your opinion as an individual who has been sentenced?

[Perez] I would say that this sentence has a special meaning regarding the fact that a president of the Republic confronted the problems, stayed in Venezuela, and accepted this trial for the first time [passage indistinct] sir...

[Reporter, interrupting] A legal entity...

[Perez, interrupting] Excuse me, sir. This sentence, this sentence proves that there is no corruption, because I was not accused of being corrupt or embezzling. Embezzlement, using funds for something other than what was planned, constitutes corruption.

[Reporter] How do we understand that [words indistinct] could constitute corruption?

[Perez] This shows where the Venezuelan judicial branch stands today. Messrs., I believe I have answered all your questions. Now I am going to take...

[Reporter, interrupting] Is it a political sentence then?

[Second reporter] Is it a CSJ political sentence against you?

[Perez] It is worse than a political trend. [sentence as heard] It is an infamous political manipulation.

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[Reporter] When the arrest warrant was issued, you said that you would rather face another type of death. Do you still think so?

[Perez] Pardon me. The following is what I said... [broadcast interrupted in progress]

Venezuela: Secret Service Cuts Ties With Spanish Counterpart

BR3005143296 Madrid ABC in Spanish 30 May 96 p 21

[Report by Luis Alonso Lugo: "Venezuelan Secret Services Sever Links With Spanish Service, Describing Them As Loudmouths"]

[FBIS Translated Text] Caracas — General Rafael Rivas Ostos, who is the Director of the DISIP, the Venezuelan political police, announced that he would be breaking off all further cooperation with the Spanish secret services because "we cannot work with people who question the capabilities of the Venezuelan police forces."

In statements made to the press at the National Congress, Rivas Ostos said that police cooperation with Spain "has been reduced to zero. It is a decision I will maintain for as long as I stay in my present post, so I assume full responsibility for it and for any consequences it may give rise to." However, he did not specify the reasons for making such a decision.

When asked about the announcement made by a Spanish Government spokesperson to the effect that the bribing of foreign policemen is not ruled out in the struggle against terrorism, Rivas Ostos stated that "Venezuelan policemen will not be bribed," and he described the Spaniards as "loudmouths" because "we have effectively identified the ETA [Basque Fatherland and Liberty] members living in Venezuela and we do have them under control."

Furthermore, this police chief denied that Enrique Pagoaga, who had been a refugee in Venezuela since 1989, had fled the country illegally when he traveled to Belgium last Sunday because he "reported for his monthly check as usual on 13 May last and, besides, he traveled with his passport." However, he entered Belgium with forged identity documents.

"I cannot think on his (Pagoaga's) behalf, but I do not believe he achieved anything by leaving Venezuela because here he had a French refuge [as published], which he himself decided to give up when he asked for political asylum in Belgium," Rivas said.

The general also denied that it was the DISIP which leaked the home and work addresses of "these people to certain Spanish media, because they are political refugees."

General Rivas Alonso's vehement statements caused surprise in certain Spanish antiterrorist circles — given the good relations existing so far between the CESID [Defense Higher Intelligence Center] and DISIP — and were put down to the authorities' nervousness following the reports published by ABC on the situation of the ETA community in this Latin American country.

Suriname

Suriname: Single Constituency May Vote Again

BR3005145296 Amsterdam DE VOLKSKRANT in Dutch 29 May 96 p 3

[Unattributed report: "One Constituency in Suriname Probably To Vote Again"]

[FBIS Translated Text] Amsterdam — In Suriname voting may have to take place again in one of the 62 constituencies, the head of the independent election office S. Polanen said on Tuesday [28 May]. In the constituency, of which no further details have been given, election law is said to have not been followed in full. There is said to be no question of fraud. In a new statement the OAS has indicated that the elections took place fairly and openly.

Polanen said it was not exceptional that new elections had to be organized in one or more constituencies of the 10 electoral regions in Suriname. In 1991 that occurred in Brokopondo. As a result the declaration of the election as binding could take some time.

The NDP [National Democratic Party] of Desi Bouterse presented a new list of supposed irregularities on Monday morning. Nevertheless the party seems to be preparing to accept the disappointing election result.

DA91 [Democratic Alternative '91], one of the small parties which with four seats could help the ruling New Front gain a majority in Parliament, has said it is prepared to sacrifice one of its political principles, according to the DE WEST daily. This involves the formation of a commonwealth with the Netherlands.

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